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DUN'S REVIEW

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SHE RELEASED A MAN FOR THE WAR EFFORT

Dear Mr. Williams: Your letter describing the confused state of the bank-note market echoes a common plight of fellow bankers in this region and elsewhere. Like yourself, they complain of the time spent by their tellers consulting the newspapers for current discounts and turning to the latest "detector" to distinguish the counterfeits that are in circulation. And they ask us, as you do, if some means may not be devised for the protection of the notes they issue.

Our papers, which you and other bankers have been using these several years, afford more than ordinary protection against counterfeiting, by virtue of their durable quality and water-marking. But my son, Zenas Marshall, has been carrying on some experiments that promise to enchance their distinctiveness and increase the difficulty of fraudulently raising notes to higher value. The device employed is the introduction into the cotton and linen fibres of numbers corresponding to the value of the notes to be issued.

These new papers are now in course of making and some sheets are already in our loft for drying and seasoning. When this rather slow, but necessary, process is completed, we shall have examples for your scrutiny. We are confident that examination will reveal them to be a practical solution of this vexing problem, and that the quality of our paper has likewise gained from this application of our experience and our spirit of enterprise and experiment.

To me, the desire to reach out into new fields and broaden the market for, and usefulness of, our papers is the spark of ambition that is of greater value to my sons than any legacy of mills and machines. So it is with special pride that I acknowledge the responsibility for this development and bespeak your consideration of the new paper when it is placed before you in Northampton

Truly yours,
ZENAS CRANE

Dalton, Massachusetts
10 August 1844

For 142 years the Crane mills in Dalton have made papers of linen and cotton fibres only. Employing these durable materials, experience and enterprise continue to yield papers of the utmost quality and durability for letters, documents of record, tokens of value, and for many war-time needs and purposes, chief among them the War Bonds we buy that our arms may prevail and our freedoms be secured anew and for all time.

CRANE'S FINE PAPERS • MADE IN DALTON, MASSACHUSETTS • SINCE 1801

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Editor, DUN'S REVIEW

COVERS: THIS *month* DUN'S REVIEW *departs for its cover from the series of old prints of century-old cities to emphasize that "The More Women at Work . . . The Sooner We'll Win," as the Office for War Information phrases it. The insignia in the lower left corner is that of the National Womenpower Program about which all of us may expect to hear more.*

The effort to increase the number of women in factory work is only a part of this program. "Any job a woman takes which releases a man is a war job" is the message of the program authorities for Labor Day 1943. Work in stores, trains, schools, banks, offices, and on farms is war work, valuable in total war just as is work in factories and in women's military auxiliaries; this point is emphasized.

This salute to the unsung heroines of the home front is sponsored by the Office of War Information and the War Manpower Commission. The periodical publishing industry co-operates through The National Publishers' Association, Inc.

THIS IS, *incidentally, the second time within a few months when the* DUN'S REVIEW *cover has been used in a national effort. When Clarence Switzer's painting of the Flag of this country appeared two months ago, it was pointed out that extra copies of the Flag only were available on request, matted, ready for framing. There were many requests, but there are still a few for those who wish them.*

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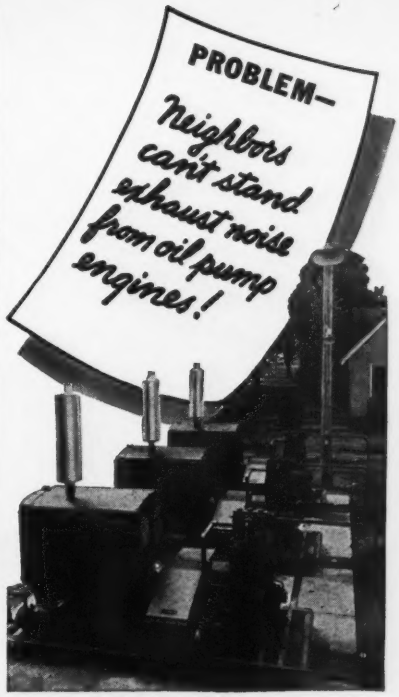

SOLUTION—

"Snubbers" prevent engine exhaust noise

In Oklahoma it is not uncommon to find pump engines or even drilling rigs in front yards or in the middle of victory gardens. Oil is the lifeblood of a large part of Oklahoma, and property owners are wise to take it where they find it. You can't move an oil well, yet oil sometimes shows up in rather inconvenient locations.

Just because you have engines driving pumps, however, does not mean that you must put up with exhaust noise. Engines equipped with Burgess Exhaust Snubbers make quiet neighbors. Where old-style "mufflers" subdued undesirable noise, Snubbers prevent it. They are constructed on the snubbing principle, originated by Burgess acoustic engineers.

BURGESS PIONEERING in acoustic development has provided many other quieting devices to help in both war and peace. Over 20 years' experience has made it possible for the Acoustic Division to successfully engineer products ranging from acoustic telephone booths to ventilating duct linings. Why not write us of your noise difficulties? Acoustic Division engineers may already have worked out the solution to your problem.

BURGESS *Acoustic* **DIVISION**

Acoustic Division, Burgess Battery Company
2817-R West Roscoe Street, Chicago 18, Illinois

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POURING INGOTS—GATES FROM FREDERIC LEWIS

"With most belligerents, manpower is the determining factor. In this country, the limit has shifted from industrial facilities, which clearly determined the magnitude of our war effort during its first two years, to raw materials."

THE DILEMMA OF MATERIALS CONTROL—

CMP *in Operation*

LINCOLN GORDON
Deputy-Director, Program Bureau, War Production Board

AMERICA'S industrial system, an enormous and intricate economic machine created for the works of peace over the course of two centuries, has been diverted in three short years to the works of war. The tremendous output of 1915-1919 was niggardly by comparison. To achieve our present effort, a host of novel and ingenious controls has been devised. Some have been more successful than others, almost all previously untried. All have been marked by the staggering difficulties of manifold interference with the ganglia of a complex industrial system.

The temerity of war agencies in undertaking such controls is excused only by wartime necessity. Among them, a major rôle has been played by the effort to guide the flow of materials to the most essential purposes—an effort represented in its most matured form by the Controlled Materials Plan.

Whether or not America has reached the utmost military production of which the country is physically capable, the full economic potential is undoubtedly being closely approximated. The ceiling on a nation's economic effort differs from country to country and from time to time. With most of the belligerents, manpower is the determining factor. In this country, the limit has shifted from industrial facilities, which clearly determined the magnitude of our war effort during its first two years, to raw materials.

It is possible that in the fairly near future manpower shortages will rival or supersede materials shortages. This will depend on the ultimate size of the Armed Forces, the casualty rate, the extent of intensive employment of women, and other like considerations. In any event, both at the present

moment and in the immediately foreseeable future, materials supplies stand out as the principal determinant to America's capacity to produce.

This fact gives to materials distribution a position of central importance among wartime production controls. Supplies of the basic materials are not absolutely fixed, but they can be expanded only very slowly and at the cost of an enormous investment in materials and facilities.

Had the intensity of the war been foreseen five years ago steps could have been taken to increase basic metals production far beyond its present limits. But those who clamored for more steel and aluminum in 1940 did not themselves anticipate the present state of affairs; their concept of shortage was an expected supply below the sum of military demands and normal or even above-normal civilian consumption.

Since increases in supply are at best painfully slow, the maximum output of materials at any given moment is fixed within relatively narrow limits. This supply becomes the real measure of war potential and upon the efficiency of its distribution depends the magnitude of the current war production effort. Faulty distribution means less production of military material than is possible; it means the production of unbalanced components and the accumulation of unbalanced inventories; and it means failure to put civilian materials into the most essential products and uses. It infects the war effort with an epidemic virus through its constant jostling of interrelated production schedules.

Recognition of the dominance of materials in shaping war programs is reflected in a marked shift in basic attitudes over the past three years. In the Summer of 1940, while the National Defense Commission devoted a great deal of effort to materials expansion as part of the job of getting war production under way, no one would have dreamed of fixing production programs by standards of materials supply.

For most of the life of the Office of Production Management, it was assumed that a sufficient quantity of materials would be placed in military production to meet programs limited by other factors, such as facilities, the size of the Army, and the like, while civilian life could readily manage with the remainder.

Only after the establishment of the Supply, Priorities, and Allocations Board in the Fall of 1941 did the attitude begin to shift. It was by that time generally considered necessary first to determine the absolute minimum which must be devoted to civilian and export needs, then to make all remaining materials available for the military programs, and to fix the extent of such programs by the quantities of materials thus made available.

Replaced by Allocation

These successive basic attitudes were reflected in the successive stages of development in materials control mechanisms. The NDAC managed without any systematic machinery of control. The OPM depended for the most part on simple priorities to assure that military demands would be met first. Priorities were supplemented by Limitation and Conservation Orders to prevent serious maldistribution of the civilian residual by cutting out the less essential demands. Priorities can assure precedence to more urgent programs in the face of short-run bottlenecks, but they cannot cope with long-run scarcities. In the WPB phase, therefore, priorities have necessarily come to be replaced by some form of quantitative allocation.

"Allocation" has been among the most abused terms in the entire jargon of the current war effort. It should not be confused with mere priorities or the screening of individual orders. The British and Canadian non-ferrous controls employ this latter device; no manufacturer can acquire non-ferrous metals without government authorization, and authorizations are not granted for forbidden purposes or where substitution is possible. It is assumed as the foundation of such a system that supplies will be adequate to meet all demands for qualitatively permitted purposes. If supplies are in fact inadequate, it is sought to make good the difference through imports. But allocation proper must provide some means of setting the aggregate materials supply over against the total requirements of proposed programs, both in total and in clearly identified segments.

As first employed in the United States, allocation meant little more than Government determination of quantities of basic raw materials placed in the hands of primary fabricators; thus

CUSHING

"CMP, a gigantic experiment in economic control, is justified by the scale of the effort and the central contribution of materials control to the maximization of that effort . . . Improvement must be focused about reducing the administrative burden."

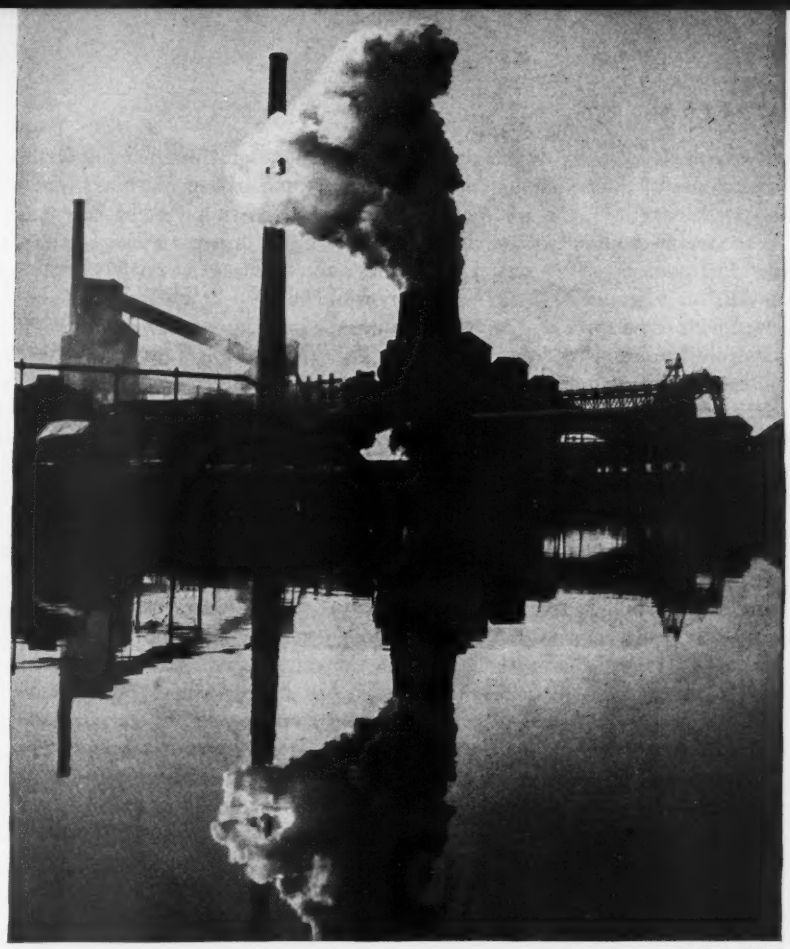
"In the Summer of 1940 . . . no one would have dreamed of fixing production programs by standards of materials supply."

refined copper was allocated to brass and wire mills. With materials coming to determine programs, however, allocation was extended beyond this level to the manufacturers consuming mill shapes and through them in turn to the ultimate end products. In this sense, real allocation began with control of aluminum and magnesium in the middle of 1941 and was extended to more widely used materials only in 1942.

There are three basic methods of materials allocation. The first ("mill scheduling") is allocation by review of orders at the mill level, with quotas fixed for the number of orders to be scheduled for particular programs or groups of programs. The second (now generally called "horizontal" allocation) controls the quantities of materials flowing into the plants of various manufacturers for all contracts and purposes, and can be associated with regulation of inventories. The third ("vertical" allocation) controls the quantities flowing into particular end products, regardless of whether they are produced entirely in a single plant or are assembled from parts and subassemblies made in a number of plants.

These three methods have been typified in American allocation experience by (1) mill scheduling for alloy steel, steel plates, aluminum, magnesium, and copper wire and brass mill products, (2) the Production Requirements Plan (PRP), and (3) the Controlled Materials Plan (CMP). For various materials, differing combinations of these basic allocation methods, together with the use of priorities, have been and are being employed. CMP as it is now evolving combines aspects of all three techniques.

Mill scheduling serves a variety of purposes. For alloy steel, it has provided an instrument for conservation of alloying elements by affording a review of specifications on each order. Mill scheduling as an allocation device however, depends on systematic identification of the end use to which the immediate consumers' orders are to be devoted, to provide for material flow to the most essential programs as determined by over-all policy. Where the orders are for components far down the manufacturing line, such as ball bearings, such identification may involve an extremely complex system of transmission of contract numbers or end use symbols.



MAKING COAL GAS—HARRIS & EWING

The basic identification sought in our mill scheduling efforts was first by Claimant Agencies (Army, Navy, Aircraft, Maritime, export, transportation, petroleum, general civilian, and so on) to some extent by major programs within Claimant Agencies, and to a very small extent by products unidentified by end use (for example, bearings and tool steel in the alloy melt schedules). Quotas by Claimant Agencies were established by the central authority of the War Production Board Requirements Committee. In reviewing the mill schedules each month the Claimant Agencies were given the opportunity of reshuffling orders within their quotas by replacing certain items scheduled on their behalf with others deemed more urgent.

Mill scheduling as thus carried out has serious weaknesses. The major defect lies in the adjustment to materials supply long after orders have been placed and immediately before production is to begin. Even if programs have been roughly trimmed in advance to the general allocations of the Requirements Committee, a great deal of unbalance in individual items results.

Moreover, this method provides no simple means of relating demands for complementary materials; such interrelations could be established only by a colossal statistical task of correlation on the part of the Claimant Agencies. In addition, mill scheduling affords no direct opportunity for adjustment of consumers' inventories. The most seri-

ous weakness, however, derives from the mere size of the review job in the time available.

When tens of thousands of individual orders, many of which are very poorly identified as to end use, must be reviewed within the space of a fortnight or less, all the aids of modern business equipment cannot provide thoroughly satisfactory reshuffling of schedules to obtain the most efficient possible materials distribution. In practice, primary reliance was placed in our mill scheduling experience on priority ratings. It was assumed that almost all the top-rated orders should be filled, and in the process of reshuffling, attention was focused on a very narrow margin of the schedules toward the bottom of the effective rating bands.

PRP, a system of "horizontal" allocation, approached the problem one level above the supplying mills. In its final stage of evolution, it placed a ceiling, theoretically within supply, on the quantities of materials which might be purchased by each inventory unit of substantial size in the country. To the extent that it failed to limit receipts to supply, the slack was taken up by priorities, the lower rated orders being dropped off.

PRP answered two weaknesses of mill scheduling. It afforded an opportunity, at least in principle, for relating the demands of manufacturers for complementary materials. It provided a direct means of controlling the levels of manufacturers' raw material inventories. Indeed, PRP was most effective as an inventory control mechanism. Had the reduction of excessive inventories been the only prerequisite to a balance between requirements of war production programs and materials supplies, PRP might have provided the answer to the allocation problem.

It was already clear at the time that PRP became a mandatory instrument, however, that materials were themselves to determine the size of programs and that it was therefore essential to squeeze the last possible drop out of available supplies. This objective "horizontal" allocation could not fulfill. If manufacturers' stated requirements were in excess of supply—and they were in fact from 20 to 40 per cent in excess—there was no means of relating reduction in end product applications to reductions in components.

The final assembler of a product filed requirements only for such materials as he bought directly from the mills; requirements for his components might be scattered among one hundred other applications. Since the individual applied only for his direct purchases, which varied with the degree of subcontracting and with the particular mixture of products processed in a single inventory control unit, independent verification of stated requirements was virtually impossible. Many applications from component makers were classified for allotment purposes into meaningless miscellaneous categories such as "machine shop products not elsewhere classified." For simple products such as airplane landing mats, which involved no subcontracting whatever, PRP authorizations could be tied directly to approved schedules, firm by firm. These, however, are easily cared for under any allocation system.

An effort was made through Priorities Regulation No. 10 (the "allocation classification system" or "end-use code") to introduce into the horizontal allocation system a degree of vertical integration. It was hoped that if the output of particular manufacturers could be identified among some one hundred programs (cruisers, tanks, railroad equipment, petroleum drilling, electric power, and so on), reductions or increases in a given program could be effected simultaneously all across the board. In practice, however, the identification was far from accurate. It was greatly confused by the problem of transmitting end-use patterns composed in turn of other patterns for components of end products with diversified uses.

The regulation was abandoned before any real effort was made to tie it to allocation under PRP. In any event, the division of the entire economy into less than one hundred programs, while important for purposes of general analysis and for guidance to broad policy decisions, was far too crude an instrument for the close integration of the flow of materials to components and end products firm by firm and schedule by schedule.

Vertical allocation is without doubt inherently the most logical fashion for distributing scarce materials. Under vertical allocation, the right to acquire materials follows the same channels as the placing of contracts and subcontracts and the payment for goods received. It establishes an integration among components, sub-assemblies, and end products which is at once decentralized and semi-automatic in its operation. By tying prime contractors' allotments to their authorized production schedules, it virtually guarantees that the over-all production authorized at any given moment will be feasible with respect to materials supplies and yet not unduly curtailed because of materials maldistribution.

Vertical allocation shares with "horizontal" allocation the advantages of

SCHNALL FROM FREDERIC LEWIS

"It is possible that in the near future manpower shortages will rival or supersede materials shortages. This will depend on the ultimate size of the Armed Forces, the casualty rate, the extent of intensive employment of women, and other considerations."

correlation among various materials by making allotments simultaneously for all items selected for control. Since the allocation to a prime contractor includes materials for components and sub-assemblies made by his subcontractors, the contractors' applications can be checked against complete bills of materials and useful comparisons can be made among the requirements of different manufacturers of the same product. Because materials are limited by a far less flexible total supply than funds, they are allocated much more stingily.

Vertical allocation discourages the squandering of materials currency; it brings out in sharp relief the wastefulness of component unbalance and places upon procuring Claimant Agencies and prime contractors heavy pressure toward balancing component schedules and toward utmost conservation in materials consumption.

What has just been said applies to vertical allocation in the abstract; it assumes the unqualified application of the vertical principle. The dilemma of materials control, however, lies in the fact that the allocation system which is most acceptable in principle is likewise most difficult to apply. It is simply impossible to push unqualified vertical allocation through every layer of the industrial system. As is commonly the case with dilemmas, the practical solution is not the exclusive choice of a single horn, but rather an effort to balance precariously between the two, minimizing the disadvantages of the extremes.

Superiority of CMP

The development of the Controlled Materials Plan, which is in essence a system of vertical allocation, had given practical shape to this dilemma in striking fashion. Despite our limited experience, the superiority of CMP over earlier materials control mechanisms appears already demonstrated. There is ample evidence, however, that the most effective equilibrium has not yet been reached in the particular mixture of vertical allocation, horizontal allocation, mill control, and priorities which constitutes CMP today.

By all odds the most important obstacle in the application of the principle of vertical allocation is the impossibility of carrying it down through all the components of end products and construction projects. This obstacle has its roots in the complexity of the upstream compilation of requirements and the corresponding complexity of the downstream transmission of allotments.

CMP "currency," while analogous to money, differs from money in several important respects: it consists (at present) of sixteen materials shapes, each of which is a separate currency unit; it is further subdivided into over one hundred programs for which separate accounting is required (except for small orders); and its validity is limited to a quarter year at a time.

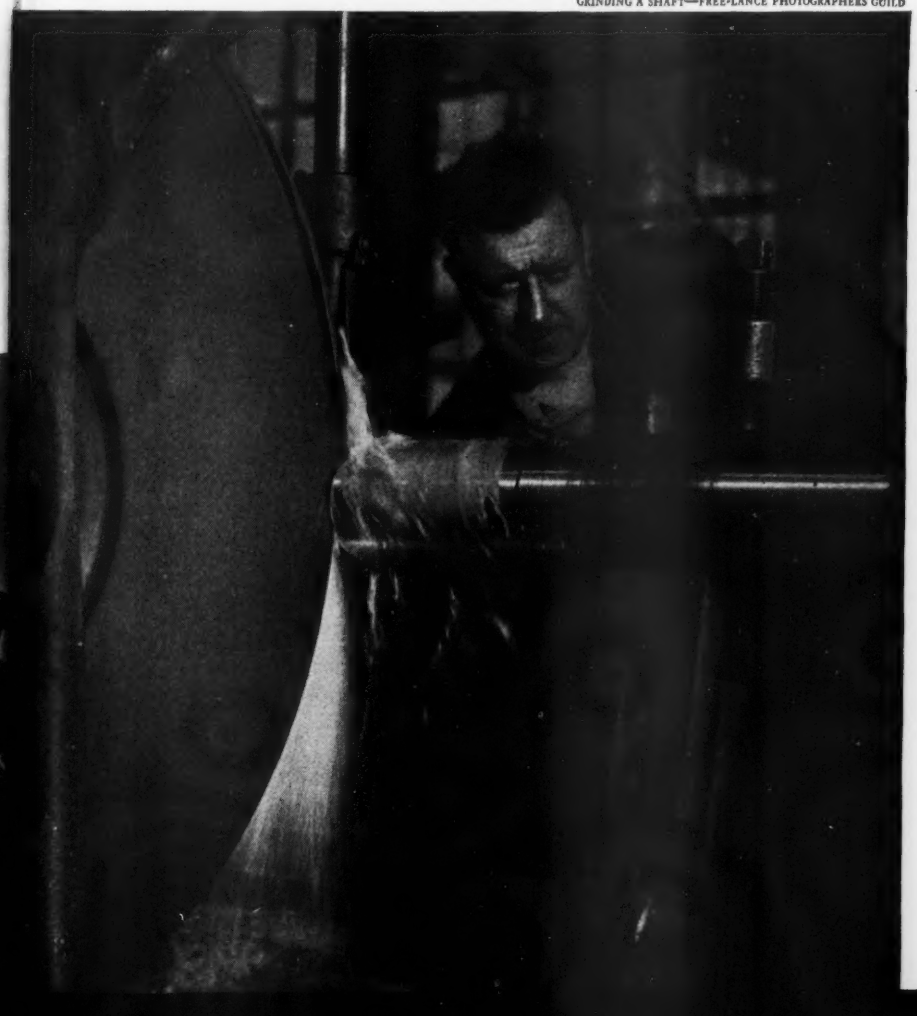
While in the normal course of events this CMP currency is redeemable at par in the metal mills, there are inevitably occasions on which it cannot be fully redeemed. Moreover, there is nothing to correspond to the elaborate administrative machinery of the banking system to aid in keeping the materials currency in order. It follows that materials bookkeeping is inherently more burdensome than money bookkeeping.

The bookkeeping burden of vertical allocation is the first practical obstacle to its unqualified application. While horizontal allocation also involves materials bookkeeping, it is limited to a record of allotments received, orders placed, materials received, and materials used, which adds only the allotment record to the normal business practice. Vertical allocation, however, adds the factor of applications from and reallotments to subcontractors, all segregated by major programs.

The further down the chain a manufacturer, and the larger the number of customers and programs which he supplies, the heavier the bookkeeping burden. The extreme is reached with the maker of nuts and bolts. At some point a line must be drawn to exclude such component manufacturers from the vertical allotment chain and to give them materials checks from a single central source in the manner of horizontal allocation.

The difficulties of allotment book-

GRINDING A SHAFT—FREE-LANCE PHOTOGRAPHERS GUILD



"PRP answered two weaknesses of mill scheduling. It gave opportunity, at least in principle, for relating demands of manufacturers for complementary materials. It provided a direct means of controlling the levels of manufacturers' raw material inventories."

keeping are supplemented by the burden of upstream applications for allotments. Quarterly applications by subcontractors to hundreds or thousands of customers are a serious burden. Where components are made in a multitude of variations, the furnishing of detailed bills of materials on each may be impossible. This task may be lessened by the use of prototype bills, engineering estimates, or the development of catalogs showing the rough stock requirements for standard components, but it cannot be regarded lightly.

It is out of considerations such as these that the CMP B-Product List emerged, in so far as it consists of component items. The number of components placed in the list was increased on the assumption that central scheduling of production of critical common components necessitated central allotment of materials by the WPB. The B-List also contains a large number of machinery items which are components only of construction and facilities projects, containers (which are a special problem in themselves), and almost all civilian-type end products.

These civilian-type end products were included on the theory that since allotments on behalf of the non-military Claimant Agencies, who do not themselves purchase the end products, had in any event to be handled centrally by the WPB's Industry Divisions, manufacturers' convenience would be served by receiving from the same source their allotments on behalf of the military.

The net effect was to establish a B-List which represents up to 30 per cent of the controlled materials requirements. So inclusive a list does serious violence to the principle of vertical allocation and the advantages that flow therefrom. Allotments for B-Product components cannot be directly related to allotments for end products. Even if the materials allotments are precisely balanced, the ultimate destination of the B-Products themselves is befogged by the operations of the priorities mechanism. In place of the quasi-automatic and decentralized integration between components and end products provided by complete vertical allocation, there is substituted an extraordinarily difficult task of artificial statistical integration in Washington.

The degree of control now exercised over B-Products varies greatly and is susceptible of considerable improvement. The distribution of civilian-type end products can be determined by limitations on military procurement, by Claimant Agency quotas for producers, or by allocation of the products. All three are used to some extent.

Component flow can be guided through item-by-item scheduling on manufacturers' order boards. Claims for materials can be verified by detailed information on past consumption and output or by more complete use of bills of materials. For many items, however, it is questionable whether the centralized controls required to insure the proper flow of materials into B-Products and of B-Products into end uses would prove more burdensome to both industry and Government than an extension of vertical allocation.

Nor should it be overlooked that component manufacturers have much to gain from vertical allocation. Offsetting the undoubted increase in bookkeeping is the virtual assurance of materials supplies along with the making of their contracts. With the broad privileges of advance allotments now open to Claimant Agencies, it is possible for a subcontractor to receive allotments for the entire life of his contracts and thereby to avoid the worrisome and uncertain quarterly application to the WPB with all the doubts attendant upon a necessarily crude process of B-Product allocation.

Perhaps the most striking development in the current search for an improved equilibrium between horizontal and vertical allocation is the growing recognition that there is nothing inherently unsound in handling a given product vertically for some uses and horizontally for others. The original premise of CMP classified all products as entirely "A" or entirely "B."

This principle was necessarily abandoned in part with the granting of horizontal allotments directly from the WPB Industry Divisions to "A" components manufactured as repair parts. A further breach was made with the establishment of the "Special B" product category for a large number of ship and aircraft components, which receive allocations from the Navy, Maritime Commission, or Aircraft Scheduling Unit rather than from the WPB. The outstanding example of combined treatment in internal combustion engines, which are handled as A-Products for use in mobile military equipment and certain farm machinery, but for other uses as B-Products.

Recognition of the workability of such treatment opens up the possibility of handling other components as A-Products for some purposes while retaining them as B-Products for others.

(Continued on page 31)

". . . the Controlled Materials Plan is a gigantic experiment in economic control unparalleled by anything in our . . . history."

LUMBER MILL—PIERSON FROM MONKMEYER

PEORIA AT NIGHT—PHOTOGRAPHS ALL FROM JOHN S. BOWMAN, PEORIA JOURNAL-TRANSCRIPT

A COMMUNITY PLANS PEACETIME JOBS

Lessons from Peoria's Experience

As told to DUN'S REVIEW *by*
PEORIA PEOPLE

MUCH water has washed down the Illinois River past Peoria since this city was chosen as a testing ground by The Committee for Economic Development to form a local committee to encourage and assist industry and commerce to plan for maximum peacetime employment. That was November 12. What happened between then and January 15 when the Peoria Committee issued its initial report on 1940 employment, present employment, and first estimate on post-war employment has been broadcast.

The figures, which indicated Peoria could employ after the war all but 1,000 (mostly women and children) of its present 30,000 industrial workers, were admittedly an honest guess at best but were important at the time because (1) they showed concrete accomplishment and (2) thus helped to cultivate an optimism and enthusiasm for the job to be done the Peoria Committee was early trying to create.

Its success here, half the battle, gained the Committee an advantage it has never lost in continuing to drive home to Peoria industrial, commercial, and civic leaders the all-important necessity of beginning now to think and talk plans for maintaining the highest possible level of peacetime employment.

Peoria is today job-planning conscious. How it got that way, and how it will stay that way is the gist of this story for whatever value it may have in helping other communities attain the same end.

In fact, this story only supplements what the Committee itself has been doing since January 15. For Peoria has been carrying its own gospel to communities throughout the nation; explaining its organizational methods found to be effective and others that were not, and pointing to techniques being developed to further facilitate the big job ahead. Often Committee members go in person. More often they sit at home and talk to the outside press, to commentators, and answer questions taken from a windfall of correspondence.

The secret of Peoria's success is no secret in Peoria.

"This work will fail or succeed on the ability of two key men," said Garrett Roelfs, chairman of the Research Division and sales co-ordinator of the Central Illinois Light Company in Peoria, "the chairman of the local committee and the chairman of its Action Division." Walter C. Gardner, general sales manager of Keystone Steel & Wire Company, is chairman of the Peoria Committee. F. L. Ross, manager of Eastern Division, Willamette Hyster Company, heads its Action Division.

"Everybody knows," agreed E. R. Galvin, member of the Executive Committee of the group, and general sales manager of R. G. LeTourneau, Inc., "that the success of our activity is due to the drive and enthusiasm of Walter Gardner and Frank Ross. They have filled everyone with it." D. A. Robison, another Executive Committee member, and vice-president of Caterpillar Tractor Company, by far the city's largest employer, reiterated this attitude, as did many others.

Lesson One therefore is to choose your leaders with your eyes on enthusiasm and drive.

Lesson Two is contingent on the first and is provided by Mr. Gardner himself.

"When the time came for me to pick my committee members," he said, "I picked men wearing the pants in their company, men actively engaged in their company's affairs who know exactly what is going on. I did not pick stuffed shirts either too old or too successful, or both; they can afford to take it easy. I picked junior executives on the way up, young enough for pepper and vision, old enough in the ways of business, and who have public spirit."

Mr. Gardner chose his committees early, four in all, the Executive Committee, Action Division, Research Division, and Relations Division (at the right, above). Then the persuasion began. Here Peoria has a few more lessons to teach. One of the first arguments met with in Peoria, and else-

Peoria Committee for Economic Development

EXECUTIVE COMMITTEE

W. H. Gardner, Chairman; General Sales Manager, Keystone Steel & Wire Co.
H. W. Altorfer, Vice-President and General Manager, Altorfer Brothers Company.
E. R. Galvin, General Sales Manager, R. G. LeTourneau, Inc.
C. W. Hancock, Plant Manager, Commercial Solvents Corp.
W. A. Holtzman, Vice-President and General Manager, Hart-Carter Co.
D. A. Robison, Vice-President, Caterpillar Tractor Company.
W. E. Stone, President, First National Bank of Peoria.

ACTION DIVISION

F. L. Ross, Chairman; Manager of Eastern Division, Willamette Hyster Company.
F. L. Meyer, President, Meyer Furnace Company.
P. C. Smith, Assistant Advertising Manager, Caterpillar Tractor Company.
C. L. Wilkins, President, Wilkins Pipe and Supply Co.

RESEARCH DIVISION

G. R. Roelfs, Chairman; Sales Co-ordinator, Central Illinois Light Co.
J. J. Keith, Treasurer, Mace Advertising Agency.
R. B. Nelson, Vice-President and Superintendent, L. R. Nelson Manufacturing Co., Inc.
W. A. Stingley, General Agent, Chicago, Burlington & Quincy Railroad.

RELATIONS DIVISION

Ted Fleming, Chairman; Vice-President and Treasurer, Fleming-Potter Company.

PLAN POST-WAR JOBS NOW
(Suggestions to Industrial Employers)

Objectives: post-war questions worth posing now; getting a dollar volume target; getting a unit production target; case study of Midwest company; objectives and functions of C.E.D. divisions; sources of information; basic statistics; work sheets. 8½ by 11, 32 pages.

TARGET FOR PEACE

Pamphlet giving objectives of C.E.D.; production is the weapon; the impact of war on our economy; business' big chance; creating favorable "climate." 4 by 9, 12 pages.

CASE STUDY NO. 1—HOW ONE COMPANY HAS PLANNED FOR ITS POST-WAR BUSINESS OPPORTUNITIES

Who should manage the company post-war program and how. Sixteen important steps providing an orderly approach for new product development. Progress chart. 8½ by 11, 12 pages.

CASE STUDY NO. 2—BUSINESS PLANNING NOW FOR V DAY

The first or critical period; what to do about it now. Second period: relapse or convalescence. The third or question mark period. Useful check sheets. 8½ by 11, 28 pages.

CASE STUDY NO. 3—POST-WAR PLANNING PROGRAM OF TENNESSEE ENAMEL MANUFACTURING COMPANY

Sales and promotion; pre-war product analysis; post-war product study. Complete production planning. Finance and credits. Personnel. 8½ by 11, 8 pages.

THE STORY OF PEORIA—A TEST CITY'S TIME TABLE FOR POST-WAR PLANNING

Organization beginnings. Presentation piece. Appointment of committees. Industry invited to act at dinner meeting. Reports on survey. 8½ by 11, 4 pages.

POST-WAR JOBS IN PRIVATE BUSINESS[1]
(Handbook for Community Chairmen)

Organizing to get the job done. Targets to aim at. Organizational structure. Tasks of five divisions of the local committee. Questions and answers on the C.E.D. 9 by 12, 20 pages.

HANDBOOK FOR CHAIRMEN OF SPEAKERS' COMMITTEE[1]

In preparation. Suggestions for setting up local speakers' bureau; typical speeches.

MARKETS AFTER THE WAR

An approach to their analysis; the impact of the war; problems of reconversion. Useful application of statistical data. Prepared under the direction of Bureau of Foreign and Domestic Commerce of the U. S. Department of Commerce, reprinted by C.E.D. 8½ by 11, 56 pages.

C.E.D. NEWS

Reports on activities of Research and Field Development Divisions. Published monthly beginning in March 1943. 8½ by 11, 8 to 12 pages.

HANDBOOK FOR TRADE ASSOCIATIONS

Relation of Trade Associations to C.E.D. 6 by 9, 12 pages.

[1] Not for general distribution.

where, one that carries an apparent cogency, and that must therefore be countered forthwith is "Let's end the war first!"

Now there are innumerable ways of handling this problem. The trick, as any salesman knows, is to divert the issue back where you want it at the quickest possible second. A long and complete answer may have the merit of depth and may in time give its own conviction, but in the meantime your audience may get lost.

Switch-Back Replies

Here is a favorite Peoria technique: "Well, sir, what do you say when your lawyer suggests that you make your will? Do you tell him you'll wait until *your* end comes?" About four seconds is the time count. On the fifth you can be back on the track.

Many other examples could be given to show the importance of the ready switch-back reply. For best results you must have them. This is Lesson Three.

When will the war end? What about the inflation spiral? What will be the tax situation in 1946? How many women will want to keep on working after the war?

Mr. Gardner pointed to a tendency in discussions on post-war problems, embracing as they must such a wide scope of human affairs, to be carried far away into things not easily understood and often resting on too many unknowns to be of much value even if understood.

"Keep it simple," he said, "first things first and the others in their proper order in due time; there are enough immediate problems to be solved." Lesson Four from the Peoria experience.

After the Committee for Economic Development asked Peoria business men and industrialists to co-operate in the Committee's program, Ralph Budd, president of the Chicago, Burlington & Quincy Railroad, and C. E. D. regional chairman for the Seventh Federal Reserve District, called the November 12 meeting in Peoria. About 20 attended and listened to Mr. Budd and C. Scott Fletcher, director of Field Development, Washington, D. C., explain the purpose of the national body. It was at this meeting that Mr. Gardner was named chairman.

Asked why he assumed the responsibility to organize the Peoria Committee Mr. Gardner laughed and said he usually did not stick his neck out on such outside activities for he was old enough to know how much work they entailed. Of course he had previously been sold on the necessity of post-war planning.

But he was intrigued by the uncharted aspect of the work. There was no formula, no existing routine or ritual, a chance for unhampered initiative for the good of all. "I could go out and ask persons to do something entirely for their own good," he said, "purely individual, purely selfish. Yet by successful organization it would do the most common good. This is one job that appeals to each one of the four legs on which a business must stand."

The Start—a Pamphlet

Four days after taking the chairmanship Mr. Gardner presented Peoria industrialists with a four-page pamphlet. This leads off with a quotation from Paul G. Hoffman, chairman of the board of C. E. D., and president of The Studebaker Corporation, who explains the purpose and importance of the Committee's program:

"This Committee has been organized . . . to assist commerce and industry in developing means whereby they will be in a position when peace comes to make their full contribution to stability and prosperity through maximum employment and high productivity!"

Follows a list of the national trustees, a break-down of officers from the national to the local committee, and this appeal to "managements who believe in the vitality of private industry:

"The last gun of the war will be the starting gun for peace. Then will come the sudden shock of reduced armament manufacture; the migration of workers left jobless overnight, the return of millions of soldiers; the demands of the nation for merchandise cut off by the war, opportunity for the use of new designs, new materials, new products. This report does not ask you to share trade secrets. It does ask you to do a job now that must be done sooner or later. It offers you the use of research data from the Committee for Economic Development. (A complete list of the Committee's publications is on page 12.) It invites you to pool the result of your own private and individual planning so that industry may prove to

Peoria Committee chairmen, left to right: G. R. Roelfs (seated), Research; Ted Fleming, Relations; Frank L. Ross, Action; W. H. Gardner, Executive.

government that American business is ready for the great reorganization."

Then Peoria business men and industrialists were asked to do these three things:

1. Invest some group or individual in your own business with authority to prepare for you a report on "Post-War Planning."

2. Give careful consideration to new products, new improvements, new materials, new markets, and new opportunities. (In general, the country must aim at a production of peacetime goods at 40 per cent and an employment of 11 per cent over 1940 figures.)

3. Fill out the simple form on page 4 and deliver to the chairman of the Peoria Committee.

In the meantime the Research Division was making a study of Peoria industries. It found 49 concerns employed 50 or more persons. Representatives of these companies were then invited to a dinner meeting December 15 where they heard the whole story[1] of the Committee for Economic Development from Mr. Budd, Mr. Fletcher, and the chairman of the Peoria Divisions. Each man was given a check sheet (page 4 of the presentation piece previously mailed) and asked to return it on a certain date.

One week later the Action Committee began to follow up on the check sheets. One month later, on January 15, Mr. Ross was able to make his report to Mr. Gardner. Of the 49 companies 45 replied. Of the four which did not three maintain home offices outside of Peoria.

Figures from individual companies were kept in strictest confidence. Participating companies were assured from the outstart their reports would not be released. As soon as the 45 check sheets were tabulated they were burned, along with all work sheets. The total figures on Peoria were released because it is a test city and the Peoria Committee wished to supply all available information that would help other communities in post-war preparation. No other community employment figures will be published.

It was made clear that the initial post-war figures were only a starting point and would have to be revised from time to time after each company carried out further practical study in new product development, marketing, distribution, personnel, and other subjects.

Since January 15 the Action Division has fed the fires of interest so well lighted in the beginning. Every manufacturing company now has appointed a committee or an individual to function as a clearing house for post-war ideas. The scope of this activity varies with the size of the industry, type of products manufactured, and other special considerations. Details of the actual planning by individual concerns are of course not divulged. By correspondence and often by personal contact the Action Division has seen to it that information and material provided by the Field Development Division in Washington are made available to the companies.

If the Peoria Committee had it to do all over again it would give more attention to service organizations. "These should be consulted and sympathies enlisted early," Mr. Gardner said. This is Lesson Five from Peoria. On this point the new "Handbook for Community Chairmen" just published

Date .....

EMPLOYER'S CHECK SHEET

ACTION DIVISION

(NAME OF CITY) COMMITTEE FOR ECONOMIC DEVELOPMENT

Company .....

Address .....

Industry Classification .....

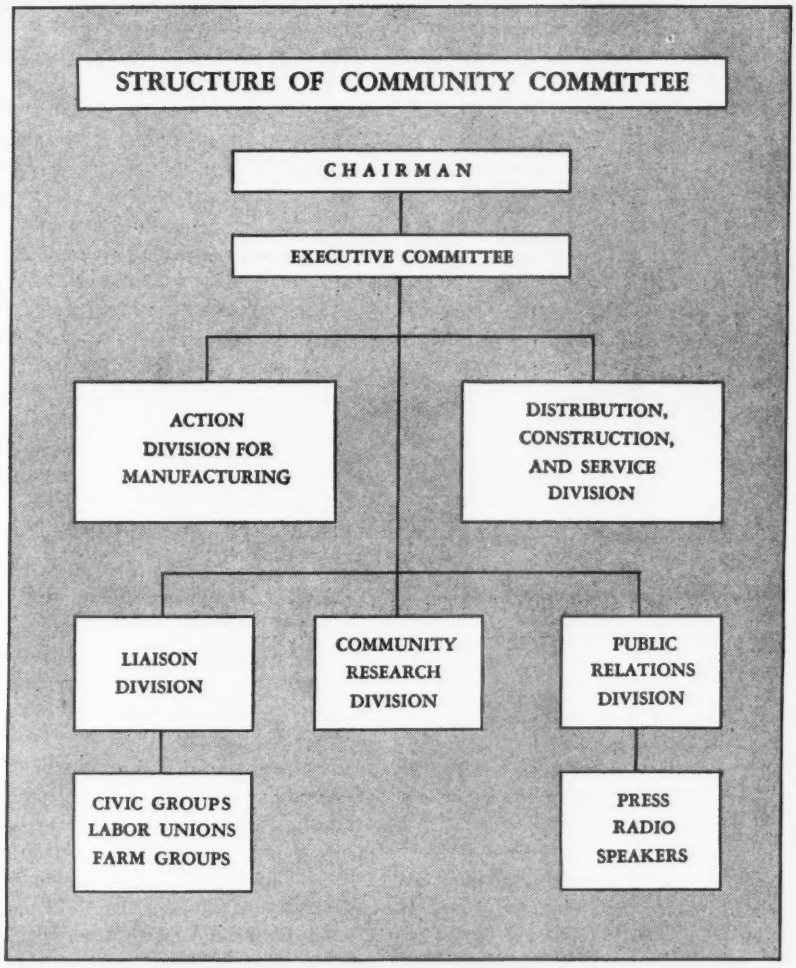
1. Name of executive in charge of Postwar Planning .....

Title: .....

	MEN	WOMEN	TOTAL	EXTENDED TOTALS
2. How many employed in 1940				
3. How many employed at present				
4. First estimate of those now employed who would not seek work with you in a post-war year				
(a) Return to former homes outside your community				
(b) Return to former job in community				
(c) Those that would not seek employment (school age, housewives, family or personal income adequate, etc.)				
Total				
Balance				
5. First estimate of the number of employees you will need to produce and distribute your estimated postwar volume				
6. Number not provided for:				
(a) Balance (5 minus 4, if balance of present employment is above postwar estimate, otherwise extend figures in red).				
(b) Former employees in the armed forces.				
Total				

THE NEW CHECK SHEET; SEE TEXT, PAGE 2

[1] See "A Committee Plans to Win the Peace," by Paul G. Hoffman, DUN'S REVIEW, June 1943, p. 7.



Above: The new organizational form for community committees suggested from the lessons learned in Peoria—see text, page 27, for reasons for changes. Below: Residential Peoria.

which is based on the Peoria experience, as well as that of other cities, says:

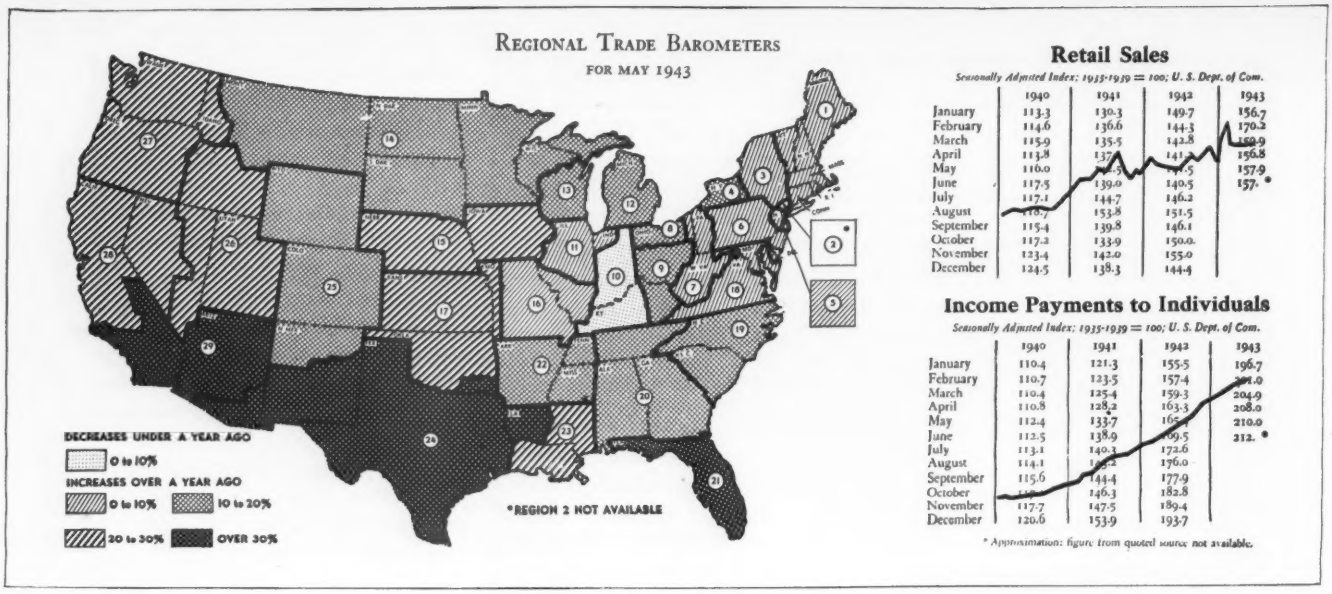
"C. E. D. is not competing with any group now in existence. It has one job to do and no other, which is to urge and assist individual companies to plan for high levels of productive employment and profitable distribution in the post-war period. Therefore, you may wish to enlist the advice and co-operation of your chamber of commerce, trade association, manufacturers' association, etc. This can be done *without sacrificing the identity of your Committee.* An early approach, an earnest effort to work closely with this organization, is recommended. You will also find other organizations such as the Junior Chamber of Commerce, sales and advertising clubs, Rotary, etc., ready to help you."

If Mr. Gardner had it to do over again he would furthermore suggest a "labor representative be included on the Executive Committee." Although he offers this with some hesitation he believes "one should at least have been on the bridge to see what is going on." The activities of the Committee in Peoria aroused no rebuttal from this quarter," he added.

There is a third matter that the Peoria Committee would handle differently if it had the job to do over again. It would not neglect small industries. "Size should not preclude involvement," is Mr. Gardner's way of summing it up. It has been shown that Peoria used four divisions to do its work, the Executive, Action, Research, and Relations. The first *Handbook for Community Chairmen* issued by the C. E. D., based on the experiences of local committees at the time of publication, added a fifth committee to the proposed local organizational set-up, the Small Industry Division.

Trial and error have brought about further refinements in thinking how best to "raise the sights of every business to the possibility and necessity of high levels of production and employment in the post-war period." Instead

(Continued on page 27)



Retail Sales

Seasonally Adjusted Index: 1935-1939 = 100; U. S. Dept. of Com.

	1940	1941	1942	1943
January	113.3	130.3	149.7	156.7
February	114.6	136.6	144.3	170.2
March	115.9	135.5	142.8	168.9
April	113.8	137.[illegible]	141.[illegible]	156.8
May	116.0	[illegible]	[illegible]	157.9
June	117.5	139.0	140.5	157. *
July	117.1	144.7	146.2	
August	118.7	153.8	151.5	
September	115.4	139.8	146.1	
October	117.2	133.9	150.0.	
November	123.4	142.0	155.0	
December	124.5	138.3	144.4	

Income Payments to Individuals

Seasonally Adjusted Index: 1935-1939 = 100; U. S. Dept. of Com.

	1940	1941	1942	1943
January	110.4	121.3	155.5	196.7
February	110.7	123.5	157.4	[illegible].0
March	110.4	125.4	159.3	204.9
April	110.8	128.2	163.3	208.0
May	112.4	133.7	165.[illegible]	210.0
June	112.5	138.9	169.5	212. *
July	113.1	140.3	172.6	
August	114.1	142.2	176.0	
September	115.6	144.4	177.9	
October	116.[illegible]	146.3	182.8	
November	117.7	147.5	189.4	
December	120.6	153.9	193.7	

* Approximation: figure from quoted source not available.

THE *Underlying* TREND

SUMMARY: Industrial production, reflecting less plant expansion, tighter labor supply, and higher operating costs, is levelling off. Income payments increasing at a reduced rate support record consumer demand. Farmers prosper as marketing prices and land values rise.

WITH the economic returns for the first half of 1943 now in, it is apparent that during it there was in total industrial activity a tendency toward a levelling off. The average monthly increases were less than during the last half of 1942.

Industrial activity has increased almost every month since April 1940 as reflected by the indexes of the Federal Reserve Board. At that time the level was 13 per cent above the 1935-1939 average; it had dropped somewhat from the then new record high of late 1939. Since April 1940 the index has gone up at a fairly steady rate of about 2¾ per cent of the 1935-1939 average a month.

For the last three six-month periods the increases expressed as index points and also as percentages of the level at the beginning of the six months are: first half 1942: 11 points, 6 per cent; second half 1942: 25 points, 14 per cent; first half 1943: 7 points, 3 per cent. These are for the total manufacturing index (excluding minerals) corrected for seasonal variation.

The flattening of the curve in the first half of 1942 was generally credited to the change over to war production; obviously the volume of war goods produced would not immediately equal the very high volume of consumer durables that aided the rapid rise of 1941. In this levelling off of the first half of 1943, there is the net impact of such problems as needed goods and facilities, manpower, and materials, solved successfully and others still with us. Even with great success in an all out war effort it is not to be expected that the beginning rapid rate of increase of production will be maintained indefinitely.

For "industrial production" (which includes mining and minerals) the index dropped two points—about 1 per cent—from May to June 1943 (the June figure was revised to 202 after the chart above was prepared). Within the broad group of "durables," individual industry output continues to reach new peaks as new plant expansion swings into full use. Iron and steel production maintained a substantial lead over 1942. Transportation equipment including aircraft, railroad cars, and shipbuilding, recorded a gain of 55 per cent over a year ago. In June, 168 cargo vessels were completed representing 1,676,500 deadweight tons and bringing the six months' production figures over the 1942 total output. The production of motor vehicles was up in June despite reduction of orders in some lines. The chemical industry shows one of the sharpest rises in the year of 34 per cent. Aircraft production forges ahead with emphasis on heavier planes; the announced output goal has been stepped up to 56 per cent over 1942 volume.

Higher operating costs are reported as hampering fuller production in several lines, notably in aircraft and automotive industries. While raw material costs have remained steady in most heavy durable lines, transportation difficulties, subcontracting at higher prices, higher labor costs with the 48-hour week, absenteeism over the peacetime average of 3 per cent, and labor migration have all attributed to a more costly production.

This peak production in durable goods is reversed in non-durable lines, where declines in clothing and cotton textiles are largely responsible for a slight drop during the last six months after consideration of the usual seasonal variation. The manufacture of foodstuffs remains 6 per cent greater than a year ago. Generally the output for civilian use has been cut further but the civilian economy has suffered no dire setback, as simplification, standardization, and poorer quality have aided toward a sufficient supply.

Slight Drop in New Orders

Pressure on industry appears to have lessened in recent months and in May new orders and shipments dropped an estimated 5 and 3 per cent respectively from April. Orders rose 12 per cent over last year in May in non-durable lines but shipments increased by only 7 per cent. In durable goods ordering slowed, shipments were 32 per cent improved over 1942. Inventories were down in May as shipments increased more rapidly. Retail inventories depletion was heavy, while wholesale inventories were fairly well maintained (U. S. Bureau of Foreign and Domestic Commerce).

While approximately 2,000,000 new workers entered the labor market between May and June, the rise does not represent the usual increase and failed to outweigh losses to the armed forces during the period. A labor problem still exists in many areas and the 48-hour week even with the extended coverage has not alleviated the shortage. Obviously therefore the transfer to

essential industry must continue. Present evidence of this process lies in a comparison of employment in durable and non-durable lines; the former increased by 3 per cent and the latter dropped 2 per cent in the first five months of the year. The great incentive to change lies in higher wages, which in durable lines have gained 45 per cent in the year whereas non-durable, chiefly civilian lines, record a smaller gain.

Agricultural employment rose sharply during May and June with an estimated 1,100,000 added workers, the cumulative effect of a seasonal rise and the deferred draft status of agricultural workers. However this is a 2 per cent decrease from the number working on farms July 1, 1942. In spite of the farm labor problem the U. S. Department of Agriculture offers a fairly satisfactory crop estimate. It reports that field and livestock products will about reach goals. Even with this quite favorable crop prospect, the outcome as to this country's food supply is still contingent upon lend-lease shipments, mounting military requirements, and the already overtaxed transportation facilities in some regions.

In June and early July the wholesale commodity prices dropped from May's peak to the level of April. This was due to a decline in agricultural and textile prices in the month. Wholesale prices of all commodities recorded a gain of 5 per cent over last May although prices exclusive of farm and food products have risen barely 1 per cent since the General Maximum Price Regulation went into effect May 11, 1942.

Farmers' cash income from marketing is up 35 per cent over last year and triple that of 1932—the rock bottom. Offsetting this gain is an 11 per cent rise in the cost of living to farmers, including an 8 per cent gain in prices farmers pay for production commodities. However, farmers are in a more favorable position and have used their additional income to reduce mortgage loans which in 1943 are expected to drop about 10 per cent below 1939. Accompanying the increase in the value of farm products, land value has risen over 8 per cent since last year.

Food prices, chiefly fresh vegetables and butter decreased slightly in June resulting in the cost of living dropping 0.2 per cent in the month but remaining 7 per cent above a year ago. The cost of services (medical, barber, and beauty, and so on) was up. The recent rollbacks on a few food prices with subsidies to producers are estimated to be reducing living costs less than 1 per cent (U. S. Department of Agriculture).

Consumer Purchasing High

While income payments to individuals are increasing at a slackening rate, they now stand over 26 per cent above a year ago (U. S. Bureau of Foreign and Domestic Commerce). This purchasing power has resulted in retail sales some 12 per cent over a year ago although June is probably no higher than May or January on an adjusted basis. This rise reflects higher prices—now approximately 8 per cent over the 1942 "freeze" level, and not unit sales which have declined. In spite of consumer attention focused on quality merchandise, basement store sales also rose—except in shoe departments where a yearly drop of 30 per cent was realized in May. Rural areas failed to show the same large gains in general merchandise sales as urban communities, surprising, as farmers' cash income rose sharpest of any component group in total income payments.

Sales of independent stores have notably improved at the expense of chain stores. Their inventory is larger in proportion to sales. In an effort to improve their position some chains have closed less-profitable units and are concentrating stock and manpower.

The Pacific Coast and Southwest regions continue to reflect the largest gains in consumer buying according to the trade barometer index. While the barometer for the country declined in May a gain of 16 per cent is maintained over last year. Florida showed a huge monthly gain, as military cantonments hold retail sales to peak Winter levels with no seasonal let-up.

Stock prices on the market are now showing a belated rise in view of greater corporate earnings in recent years. The rise in June of 42 per cent above last year, but over 60 per cent below the high of 1929, as reported by the Dow-Jones monthly stock price total, can largely be attributed to greater optimism in military events and to a greater faith in post-war conditions. So-called "peace stocks" have held up better than others and building stocks are also up on the reconstruction post-war hope.

Although total corporate financing is still well below pre-war years and somewhat below previous war months, refunding rose dramatically in each of the three months April-June. Corporate refunding in June totalled $95,812,568 as compared with $61,685,570 in June 1942 and the monthly average of $114,541,000 in 1929. The amount of new capital raised in June was $29,999,425 in comparison with $76,827,430 in June 1942, and with $666,839,000, the monthly average in 1929 (*Commercial and Financial Chronicle*).

Currency in circulation rose from $17,420,000,000 in June to $17,862,000,000 in July. The rate of weekly expansion is down somewhat, but still high. In July bank debits and bank deposits increased 3 and 4 per cent respectively over June. Compared with a year ago bank debits were up 23 per cent; bank deposits, 27 per cent.

Industrial Production

Seasonally Adjusted Index: 1935-1939 = 100; Federal Reserve Board

	1940	1941	1942	1943
January	122	140	171	199
February	116	143	172	202
March	113	147	172	202
April	113	144	173	203
May	117	161	174	204
June	122	159	176	201
July	122	160	178	
August	124	160	183	
September	127	161	186	
October	131	164	190	
November	134	167	194	
December	138	167	197	

Employment

Millions of Persons, U S Bureau of Census

	1940	1941	1942	1943
January		45.3	48.9	51.0
February		45.7	49.4	50.9
March		45.8	50.9	51.0
April	45.1	46.8	50.7	51.2
May	46.3	48.5	51.6	52.1
June	47.6	49.2	53.3	53.4
July	47.6	50.9	54.0	
August	47.7	51.0	54.0	
September	47.9	50.3	52.4	
October	47.0	50.2	52.4	
November	46.3	50.2	52.8	
December	46.3	50.2	51.9	

Wholesale Commodity Prices

Index, 1926 = 100, U S. Bureau of Labor Statistics

	1940	1941	1942	1943
January	79.4	80.8	96.0	101.9
February	78.7	80.6	96.7	102.5
March	78.4	81.5	97.6	103.4
April	78.6	83.2	98.7	103.7
May	78.4	84.9	98.6	104.1
June	77.5	87.1	98.6	103.8*
July	77.7	88.8	98.7	
August	77.6	90.3	99.2	
September	78.0	91.8	99.6	
October	78.7	92.4	100.0	
November	79.6	92.5	100.2	
December	80.0	93.6	101.0	

Business Inventories

Billions of Dollars; U. S. Department of Commerce

	1940	1941	1942	1943
January	19.60	21.49	27.55	27.75
February	19.75	21.64	27.78	27.55
March	19.93	22.14	28.32	27.64
April	20.09	22.68	28.82	27.40
May	20.12	23.14	29.15	27.43
June	19.97	23.46	29.37	
July	19.96	23.99	29.23	
August	20.09	24.44	29.10	
September	20.47	25.06	29.03	
October	20.88	24.92	28.84	
November	21.31	26.72	28.73	
December	21.20	27.08	28.03	

Cost of Living

Index, 1935-1939 = 100, U S Bureau of Labor Statistics

	1940	1941	1942	1943
January		100.8	112.0	120.7
February		100.8	112.9	121.0
March	99.8	101.2	114.3	122.8
April		102.2	115.1	124.1
May		102.9	116.0	125.1
June	100.5	104.6	116.4	125.0*
July		105.3	116.9	
August		106.2	117.4	
September	100.4	108.1	117.8	
October	100.2	109.3	119.0	
November	100.1	110.2	119.8	
December	100.7	110.5	120.4	

Industrial Stock Prices

Monthly Average of Daily Index, Dow-Jones

	1940	1941	1942	1943
January	147.60	130.17	111.11	131.52
February	147.29	121.68	107.28	127.40
March	147.13	122.52	101.62	131.15
April	138.91	119.10	97.79	134.13
May	130.76	116.44	98.42	138.60
June	119.46	113.57	103.75	141.25
July	122.23	127.57	106.94	
August	125.32	126.67	106.60	
September	131.46	127.35	107.37	
October	132.39	121.18	113.51	
November	133.90	116.91	115.31	
December	130.45	110.67	117.16	

* Approximation; figure from quoted source not available.

TRADE ACTIVITY—A REGIONAL SUMMARY

1. New England Region

MAY, 98.2 APR., 122.5 MAY 1942, 90.8

UNADJUSTED: MAY, 104.1; APRIL, 133.3

Decline in monthly barometer considerably lower than *country drop; yearly gain below country average.* JUNE—Boston wholesale trade 4% above a year ago, Portland up 10%, Springfield down. Bangor pea crop good; prices high. Industrial employment continues considerably above 1942 levels; especially in Boston, Springfield, Somerville, Fall *River down 15%. Collections generally* better than last year. JULY—Boston department store sales in the five-day trading week 10% below a year ago. Rate of decline in shoe production in New England about *double the country average.*

2. New York City Region*

JUNE—Retail trade in New York City continues at high levels, despite a reduction of about 7% in employment and a consequential decline in payrolls of about 5% over last year. *Wholesale employment and payrolls down slightly* from 1942. New York City industrial employment about 9% above year ago, Bridgeport up 11%; payrolls down from previous month, and up about 25% over last year. Hotel activity continues running at high levels, 34% above 1942 *figures. Collections continuing better than 1942.* JULY—New York City department store sales in the five-day trading week 11% below last year. New York City apparel store trade exceeded last year's figures by about 30%.

* Barometer figures not available.

3. Albany and Syracuse Region

MAY, 112.0 APR., 125.0 MAY 1942, 105.4

UNADJUSTED: MAY, 115.3; APRIL, 128.8

Decline in monthly barometer slightly less than country; yearly gain below country average. JUNE—Albany wholesale trade 20% below 1942; Syracuse up 48%. Albany farm yield off; prices up. Bumper hay crop; other crops down considerably from 1942, especially oats and wheat. Industrial employment up about 23% in Albany, up 21% in Syracuse, up 7% in Utica. Collections better than last year. JULY—Syracuse department store sales in the five-day trading week 1% above 1942. Steady increase in number of dairy, textile, and machinery plants in this region. Potato crop largest in decade.

4. Buffalo and Rochester Region

MAY, 106.6 APR., 118.3 MAY 1942, 95.3

UNADJUSTED: MAY, 109.3; APRIL, 125.0

Monthly barometer decline less than average for country drop; year-to-year increase less than country gain. JUNE—Wholesale trade up 8% in Buffalo, Rochester up 1%. Farm income in April 26% above 1942. Berry pickers receiving record high wages. About 20% reduction in crops in Buffalo due to rain. Industrial employment continues high; Buffalo up about 26%, Rochester up about 14%. Collections steady to better than last year. JULY—Buffalo department store sales in the five-day trading week 3% below 1942, Rochester off 11%. Buffalo steel rate at 107% of capacity.

5. Northern New Jersey Region

MAY, 101.3 APR., 116.6 MAY 1942, 94.7

UNADJUSTED: MAY, 99.3; APRIL, 118.3

Monthly barometer decline slightly greater than country average; year-to-year gain below the country increase. JUNE—Newark wholesale trade up 5% over a year ago. New Jersey farm income in April up 28% over 1942. Industrial employment continues above last year; Paterson up about 17%, Newark up 4%, Jersey City up 4%. Elizabeth down 5%. Collections better than a year ago. JULY—Early July department store sales in the five-day trading week off 22% in Newark. Truck crop yield about 5% above last year. Much of the heretofore busy Summer resort activity has been adversely affected this season.

6. Philadelphia Region

MAY, 107.4 APR., 125.5 MAY 1942, 97.9

UNADJUSTED: MAY, 111.1; APRIL, 132.1

Monthly barometer decline larger than for country; year-to-year gain less than country average. JUNE—Philadelphia wholesale trade 28% above last year. April farm income up 41% in Pennsylvania; up 110% in Delaware. Bumper crops anticipated in Lancaster. Industrial employment in Pennsylvania up about 6%, Delaware up 33%; factory payrolls up about 25% in Pennsylvania, up 64% in Delaware. Collections generally better than 1942. JULY—Philadelphia department store sales in the five-day trading week off 20%. Philadelphia steel industry at 94% of capacity. New cement plant operating at Northampton.

7. Pittsburgh Region

MAY, 106.3 APR., 143.8 MAY 1942, 102.7

UNADJUSTED: MAY, 115.2; APRIL, 151.4

Barometer monthly decline largest in country; yearly increase below country-wide average. JUNE—Erie wholesale trade 7% above a year ago, Charleston up 15%, Pittsburgh off 5%. Coal mine walkouts curtailed fuel supplies, resulting *in some loss in steel production.* Industrial employment in Erie about 15% above last year, Pittsburgh up 12%; Youngstown off 2%. Collections steady to better than 1942. JULY—Pittsburgh department store sales in the five-day trading week 7% below last year. New chemical plant at *Kobuta began operations.* Pittsburgh steel industry at 98% of capacity, Youngstown at 94%.

8. Cleveland Region

MAY, 134.6 APR., 145.5 MAY 1942, 119.5

UNADJUSTED: MAY, 134.6; APRIL, 160.1

Monthly barometer decline favorable in comparison with country average; yearly gain slightly lower than country. JUNE—Wholesale trade up 10% in Cleveland, Akron up *11%, Toledo up 9%.* Crops delayed and reduced because of recent cold, rainy season. Akron industrial employment up about 40%, Cleveland up 23%, Canton up 7%, Toledo up 18%. Collections generally better than *1942. JULY—In* the five-day trading week, department store sales 4% below *1942 in Cleveland,* Akron off 23%, up 8% in Toledo. New synthetic rubber plant operating at Cleveland. Cleveland steel rate at 96% of capacity.

9. Cincinnati and Columbus Region

MAY, 132.6 APR., 161.1 MAY 1942, 119.5

UNADJUSTED: MAY, 141.8; APRIL, 167.6

Decline in monthly barometer considerably greater than average for country; yearly gain below country increase. *JUNE—Wholesale trade 30%* above a year ago in Cincinnati, down 20% in Columbus. Bad weather drops Cincinnati wheat crop below anticipated standards. Poultry industry suffering from scarcity of feed. *Industrial employment in*creased about 25% over 1942 in Cincinnati, 28% in Colum*bus, 21% in Dayton;* Dayton payroll figures up about 25%. Collections steady to better than 1942. JULY—Cincinnati department store sales in the five-day trading week 3% over 1942, Columbus up 19%.

10. Indianapolis and Louisville Region

MAY, 149.6 APR., 185.0 MAY 1942, 158.6

UNADJUSTED: MAY, 158.2; APRIL, 190.9

Monthly barometer decline considerably greater than country; yearly barometer registers only decline in country. JUNE—Louisville and Indianapolis wholesale trade 10% above 1942. Indiana farm income for April up 34%, Kentucky up 38%. Dairy production continues above 1942. Industrial employment up about 16% over 1942 in Fort Wayne, Evansville almost triple, Indianapolis and Louisville up 26%. Collections steady to better than 1942. JULY—Department store sales in the five-day trading week in Louisville up 11%, Indianapolis down 2%. Excessive moisture favorable to oats, rye, and barley crops.

11. Chicago Region

MAY, 108.6 APR., 125.9 MAY 1942, 99.9

UNADJUSTED: MAY, 111.6; APRIL, 131.4

Monthly barometer decline slightly more than country drop; yearly gain below country average. JUNE—Chicago wholesale trade 11% higher than last year. Illinois farm income for April up 25% in comparison with 1942. Industrial employment up about 10% in Chicago, Peoria up 3%, *down in Gary;* payrolls up 46% in South Bend. Collections steady to better than 1942. JULY—Chicago department store sales in the five-day trading week 4% below last year. Chicago steel rate at 98% of capacity. New aircraft parts plant begins operations in Chicago. Crude oil production for *Illinois declined 23% from 1942.*

12. Detroit Region

MAY, 136.7 APR., 165.3 MAY 1942, 114.9

UNADJUSTED: MAY, 147.6; APRIL, 176.8

Decline in monthly barometer somewhat greater than for the country; year-to-year gain more than country-wide average. JUNE—Wholesale trade up 15% over last year in Detroit, up 12% in Grand Rapids. Michigan farm income in April 41% above 1942. Sugar beet prospects poorest in years. Industrial employment up almost 45% in Detroit, Grand Rapids up 8%. Collections steady to better than year ago. JULY—Department store sales in the five-day trading week in Detroit were 2% below previous year. Detroit steel rate at 108% of capacity. Michigan potato acreage 30% above last year.

U. S. and Regional

Seasonally adjusted; 1928-1932 = 100; compiled

Region	May 1943	Change from May '42 %	Change from Apr. '43 %
U. S.	125.0	+16.2	−11.8
1. New England	98.2	+ 8.1	−19.8
2. New York City	†	†	†
3. Albany, Syracuse	112.0	+ 6.3	−10.4
4. Buffalo, Rochester	*106.6*	*+11.9*	*− 9.9*
5. Northern New Jersey	101.3	+ 7.0	−13.1
6. Philadelphia	107.4	+ 9.7	−14.4
7. Pittsburgh	106.3	+ 3.5	−26.1
8. Cleveland	134.6	+12.6	− 7.5
9. Cincinnati, Columbus	132.6	+11.0	−17.7
10. Indianapolis, Louisville	149.6	− 5.7	−19.1
11. Chicago	108.6	+ 8.7	−13.7
12. Detroit	136.7	*+19.0*	*−17.3*
13. Milwaukee	132.3	+14.6	−21.2
14. Minneapolis, St. Paul	126.0	+19.3	−15.4

THE BAROMETERS

The barometers are composite indexes of trade activity compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; the monthly *average for the years 1928-1932* inclusive equals 100. In each paragraph the indexes on the first line are adjusted for seasonal variation; the unadjusted figures are shown on the second line. References in the paragraphs are to the adjusted indexes. A map showing the relative changes in trade by regions as indicated by the barometers is on the second preceding page. Indexes may be obtained in advance of their publication in DUN'S REVIEW by special arrangement with the editor.

THE SUMMARIES

The material in the paragraph summaries covers the month of June and the first week of July.

1. NEW ENGLAND

Bangor	−12	+ 4
Boston	*+15*	*+14*
Brockton		− 2
Burlington		+17
Fall River		+ 6
Hartford	+ 5	+ 7
Holyoke		+18
Lowell		+ 7
Lynn		+ 3
Manchester	− 7	+ 3
New Bedford	+14	+21
New Haven	+ 2	+25
Portland	+23	+ 2
Providence	+ 8	+ 3
Springfield	+10	+52
Waterbury		+11
Worcester	+ 8	+12

2. NEW YORK CITY

Bridgeport	+ 5	+17
New York City	+19*	+36
Stamford		+40

*Department stores only.

3. ALBANY AND SYRACUSE

Albany	− 2	−33
Binghamton	+ 7	+24
Poughkeepsie		+14
Syracuse	+11	+19
Utica	+ 8	+12

4. BUFFALO AND ROCHESTER

Buffalo	+12	+20
Elmira	− 5	+25
Jamestown		+28
Rochester	+ 8	+35

5. NORTHERN NEW JERSEY

Jersey City		+18
Montclair		+ 3
Newark	+10	+12
Passaic		− 2

6. PHILADELPHIA

Allentown	+ 1	+15
Altoona		+ 7
Camden		+ 5
Chester		+34
Harrisburg		+14
Hazleton		+11
Johnstown		+ 4
Lancaster		+19
Lebanon		+26
Norristown		+10
Philadelphia	+11	+19
Reading	+12	+22
Scranton	+13	+ 2
Trenton	+18	− 5
Wilkes-Barre	+20	+20
Williamsport	− 2	+11
Wilmington	+ 9	+11
York	+ 4	+13

7. PITTSBURGH

Butler		+ 6
Charleston	+ 5	+ 8
Erie	+23	+23
Franklin		+10
Greensburg		− 1
Homestead		− 3
Huntington	+ 6	+11
Oil City		+12
Pittsburgh	+ 8	+21
Sharon		+12
Warren		+19
Wheeling		+20
Youngstown	+15	+11

8. CLEVELAND

Akron	+32	+37
Canton	+12	+ 6
Cleveland	+12	+19
Hamilton		+ 8
Lima	+ 5	+ 7
Lorain		+ 7
Toledo	+14	+13

9. CINCINNATI AND COLUMBUS

Cincinnati	+20	+14
Columbus	+15	+16
Dayton		+22
Lexington		+ 4
Middletown		+ 2
Springfield		+23
Steubenville		+ 6
Zanesville		+ 7

10. INDIANAPOLIS AND LOUISVILLE

Evansville	+44	+49
Fort Wayne	+12	+21
Indianapolis	+30	+31
Louisville	+18	+20
Owensboro		+17
Terre Haute	+12	− 1

11. CHICAGO

Aurora		+10
Bloomington		+11
Champaign-Urbana		−11
Chicago	+15	+15
Danville		+ 6
Decatur		− 1
Elgin		+21
Gary		+22
Hammond		+21
Moline		+18
Peoria	+18	+ 3
Rockford	+ 5	+29
South Bend	+14	+ 3
Springfield	+10	+ 4

Trade Barometer

for Dun's Review *by Dr. L. D. H. Weld*

Region	May 1943	Change from May '42 %	Change from Apr. '43 %
15. Iowa, Nebraska	118.4	+21.2	−18.6
16. St. Louis	131.5	+ 8.6	+ 0.5
17. Kansas City	142.0	+24.0	− 9.4
18. Maryland, Virginia	156.0	+ 7.1	−15.4
19. North, South Carolina	179.7	+10.4	− 2.7
20. Atlanta, Birmingham	190.2	+19.9	− 5.5
21. Florida	224.3	+40.5	− 1.0
22. Memphis	161.7	+15.8	−11.7
23. New Orleans	157.0	+23.1	+ 2.4
24. Texas	195.8	+33.1	− 6.0
25. Denver	142.2	+16.6	− 7.7
26. Salt Lake City	161.7	+26.9	− 6.3
27. Portland, Seattle	166.6	+27.5	−10.6
28. San Francisco	143.5	+28.0	− 9.8
29. Los Angeles	135.6	+31.4	−11.1

† *Unavailable.*

The estimates of trade changes and other reports in the paragraphs are based upon opinions and comments of business men in various lines of trade, gathered and weighed by local Dun & Bradstreet offices. Department store sales figures are from the *Federal Reserve Board; payroll and employment* figures are from State Labor Departments and the U. S. Bureau of Labor Statistics.

CITY LIST

How trade activity in June compared with that of a year ago is indicated generally for 292 cities throughout the country by these two sets of figures: spot estimates of retail sales (left, in italic) from local Dun & Bradstreet offices; check transactions (on the right) from bank debits published by the Federal Reserve Board. The figures shown are percentage increases or decreases in June over the same month last year.

12. DETROIT

Adrian	+28
Battle Creek	+33
Bay City	+17
Detroit	+10 +42
Flint	+34
Grand Rapids	+15 +12
Jackson	+76
Kalamazoo	+ 9
Lansing	+30
Saginaw	− 5 + 6

13. MILWAUKEE

Green Bay	+ 5
Manitowoc	+31
Milwaukee	+13 +37
Oshkosh	+15
Sheboygan	+ 3

14. MINNEAPOLIS AND ST. PAUL

Aberdeen	+48
Billings	+17 +15
Bismarck	+ 7
Butte	+ 5 − 1
Dickinson	+18
Duluth	+ 9 +14
Eau Claire	+26
Fargo	− 5 +21
Grand Forks	+25
Great Falls	+35 +29
Helena	− 2
Ironwood	− 6
Jamestown	+88
La Crosse	+30 +29
Mankato	+13
Marquette	+42
Minneapolis	+10 +28
Minot	+25
Red Wing	+14
Rochester	+14
St. Cloud	+14
St. Paul	+10 +29
Sioux Falls	+12 +19
So. St. Paul	+21
Superior	+26
Winona	+16

15. IOWA AND NEBRASKA

Cedar Rapids	+25 +14
Clinton	+26
Davenport	+25 +13
Des Moines	+22
Dubuque	+10 +17
Fremont	+47
Lincoln	+20 +19
Mason City	+18
Muscatine	+ 8
Omaha	+30 +31
Sioux City	+14 + 7
Waterloo	− 3

16. ST. LOUIS

East St. Louis	− 1
Quincy	+20 +14
St. Louis	+20 + 9
Sedalia	+11
Springfield	+20 +22

17. KANSAS CITY

Atchison	+42
Bartlesville	+15
Emporia	+31
Enid	+22
Guthrie	+27
Hutchinson	+36
Independence	+36
Joplin	−21
Kansas City	+34 +30
Lawrence	+53
Muskogee	−25
Oklahoma City	+45 +27
Okmulgee	+26
Pittsburg	+14
St. Joseph	+30 +22
Salina	+96
Topeka	+32 +21
Tulsa	+20 +32
Wichita	+12 +68

18. MARYLAND AND VIRGINIA

Baltimore	+10 +19
Bristol	+ 5
Cumberland	+20
Danville	+ 4
Hagerstown	+ 6
Lynchburg	+25 + 2
Newport News	+27
Norfolk	+10 + 7
Portsmouth	+12
Richmond	+24 +15
Roanoke	+15 + 1
Washington	+26 +16

19. NORTH AND SOUTH CAROLINA

Asheville	+ 5 +13
Charleston	+30 +11
Charlotte	+ 8 − 4
Columbia	+20 +13
Durham	− 4
Greensboro	+14
Greenville	+10
Raleigh	+ 5 + 2
Spartanburg	+11
Wilmington	+ 8 +42
Winston-Salem	+10 +20

20. ATLANTA AND BIRMINGHAM

Albany	+ 2
Atlanta	+35 +13
Augusta	+12 +31
Birmingham	+20 +17
Brunswick	+130
Chattanooga	+25 +19
Columbus	+18 + 7
Dothan	+139
Elberton	+ 4
Knoxville	+15 +40
Macon	+30 + 7
Mobile	0 +21
Montgomery	+ 8 + 5
Nashville	+20 +15
Newnan	+26
Savannah	+30 +87
Valdosta	+16

(Continued on next page)

BAROMETERS FOR TWENTY-NINE REGIONS

13. Milwaukee Region

MAY, 132.3 APR., 167.9 MAY 1942, 115.4

UNADJUSTED: MAY, 139.7; APRIL, 178.1

Monthly barometer fell almost twice as much as the country; yearly gain only slightly below country average. June—*Milwaukee wholesale trade off 5% from 1942. Wisconsin* farm income in April 22% above last year. Crops progressing favorably. Egg production 8% above 1942. Industrial employment in Milwaukee up about 20% over 1942; payrolls for the State up about 30%. Collections continue better than last year. July—Milwaukee department store sales in the five-day trading week off less than 1% from last year. Despite labor shortages, Wisconsin's record pea crop completely canned.

14. Minneapolis and St. Paul Region

MAY, 126.0 APR., 149.0 MAY 1942, 105.6

UNADJUSTED: MAY, 131.1; APRIL, 152.0

Barometer monthly decline greater than average; yearly gain was slightly better than the country figure. June—Wholesale trade in Minneapolis and Great Falls was up 10% over last year, Sioux Falls up 5%. Minnesota farm income for April up 31% over 1942. St. Paul berry crop slightly better than 1942; pea crop above normal. Industrial employment about 55% higher in Minneapolis over 1942; St. Paul up 25%. Collections steady to better than last year. July—Retail trade registered sharp gains in farming areas throughout the Dakotas and Montana. Minneapolis flour production 1% above 1942.

15. Iowa and Nebraska Region

MAY, 118.4 APR., 145.5 MAY 1942, 97.7

UNADJUSTED: MAY, 122.3; APRIL, 152.6

Barometer monthly decline considerably greater than country; yearly gain compared favorably with country. June—Wholesale trade up 12% over last year in Sioux City, up 15% in Omaha. Iowa farm income for April up 31% over 1942, 57% in Nebraska. Iowa corn acreage about 12% above 1942; oats acreage down to one of smallest in several decades. Industrial employment in Des Moines more than double last year's levels, Omaha up about 48%. Collections generally better than 1942. July—Nebraska department store sales in the five-day trading week up 8% over year ago. Omaha bank clearings 46% above 1942.

16. St. Louis Region

MAY, 131.5 APR., 130.8 MAY 1942, 121.1

UNADJUSTED: MAY, 137.5; APRIL, 137.7

Monthly barometer registers one of the two gains for the entire country; yearly gain considerably below country average. June—Wholesale trade in St. Louis 10% above a year ago. Missouri farm income in April up 32% over previous year. Cattle marketings considerably below 1942. Industrial employment still climbing in St. Louis area, up about 21% over year ago. Collections better than 1942. July—Department store sales in the five-day trading week down 7% in St. Louis from a year ago. Steel production at 99% of theoretical capacity in St. Louis.

17. Kansas City Region

MAY, 142.0 APR., 156.8* MAY 1942, 114.5

UNADJUSTED: MAY, 140.2; APRIL, 160.7

Barometer monthly decline slightly less than country drop; yearly gain compared favorably with country. June—Kansas City wholesale trade 50% above 1942, Oklahoma City up 8%. St. Joseph corn crop short about 30%, livestock receipts up 12% for year. Industrial employment in Kansas City up 28%; Oklahoma City up 15%; Tulsa almost triple 1942 levels. Collections better than a year ago. July—Kansas City department store sales in the five-day trading week 22% above 1942, Wichita 44%, St. Joseph 22%, Oklahoma City 47%, Tulsa 31%. Crude oil output 3% above 1942 in Kansas, Oklahoma off 10%. *Revised.

18. Maryland and Virginia Region

MAY, 156.0 APR., 184.5 MAY 1942, 145.6

UNADJUSTED: MAY, 158.9; APRIL, 185.5

Monthly barometer decline greater than for the country; yearly gain continues below country for sixth consecutive month. June—Baltimore wholesale trade 15% above a year ago, Richmond up 6%, Norfolk even. Potato crop yield good, compares very favorably with 1942. Industrial employment and payrolls levelling off somewhat from the peak; Baltimore employment about 20% above 1942, Richmond up 3%. Collections steady to better than a year ago. July—Baltimore department store sales in the five-day trading week 3% below last year. New plants in Baltimore area maintain high employment levels.

19. North and South Carolina Region

MAY, 179.7 APR., 184.6 MAY 1942, 162.7

UNADJUSTED: MAY, 175.0; APRIL, 188.8

Decline in monthly barometer compares favorably with country; yearly gain well below country increase. June—Wholesale trade up 12% in Wilmington over year ago, up 10% in Winston-Salem, Charleston down 15%. Winston-Salem tobacco crop ahead of 1942. Truck crops plentiful. North Carolina farm income for April 31% above a year ago, South Carolina up 65%. Cotton mills operating at capacity; industrial payrolls levelling off. Collections generally better than 1942. July—Charleston bank clearings down 25% from 1942. Slump in retail trade caused by lack of merchandise.

20. Atlanta and Birmingham Region

MAY, 190.2 APR., 201.2 MAY 1942, 158.6

UNADJUSTED: MAY, 196.5; APRIL, 206.1

Barometer monthly decline less than country drop; yearly gain slightly above country. June—Atlanta wholesale trade 40% above 1942, Birmingham up 10%, Nashville up 5%. Decline of 100% in Tennessee peach crop as result of cold weather; watermelon crop selling at record high prices. Cotton, tobacco, peanuts, and sweet potato crops excellent. Collections continue better than last year. July—Atlanta department store sales in the five-day trading week 24% above 1942, Nashville up 38%, Birmingham up 1%. Expansion of aircraft and shipbuilding activity boosts employment.

21. Florida Region

MAY, 224.3 APR., 226.6 MAY 1942, 159.7

UNADJUSTED: MAY, 218.2; APRIL, 237.5

Slight barometer monthly decline compares favorably with country average; yearly gain highest in country. June—Wholesale trade up 15% in Tampa over last year, Jacksonville up 8%. Jacksonville citrus fruit season registers an 8% increase over 1942. Florida farm income for April up 50% over 1942. Jacksonville industrial employment more than double last year, Tampa up about 40%, Miami up 37%. Collections better than 1942. July—Miami department store sales in the five-day trading week 25% above last year. Tampa retail trade continues high; small towns also report good increases.

22. Memphis Region

MAY, 161.7 APR., 183.1 MAY 1942, 139.6

UNADJUSTED: MAY, 163.7; APRIL, 174.3

Barometer monthly decline slightly below country; yearly gain continues fractionally below country increase. June—Memphis wholesale trade 15% above a year ago. Cotton prospects improved; tobacco and rice crops doing very well. Arkansas farm income in April 3% below 1942. Industrial employment in Memphis up about 27% over last year, Arkansas up 16%. Collections steady to better than 1942. July—Memphis department store sales in the five-day trading week 16% above a year ago, Little Rock up 10%. Crude oil output in Arkansas 8% above 1942. Movement of vegetables and fruits helping to lift income.

23. New Orleans Region

MAY, 157.0 APR., 153.3 MAY 1943, 127.5

UNADJUSTED: MAY, 153.7; APRIL, 156.9

Barometer registers best monthly gain in country; yearly increase compares favorably with country average. June—New Orleans wholesale trade 30% above a year ago. Crop conditions generally fair, more moisture needed. Louisiana farm income in April 3% above last year. Industrial employment in New Orleans about 40% above 1942. Collections steady with last year. July—Cantonments and war industries bring about good upturn in retail business. Crude oil production in Louisiana 11% above a year ago. Labor shortages preventing desirable increases in war industries.

24. Texas Region

MAY, 195.8 APR., 208.2 MAY 1942, 147.1

UNADJUSTED: MAY, 193.5; APRIL, 207.3

Monthly barometer decline compares favorably with country; yearly increase one of largest recorded. June—Dallas and Shreveport wholesale trade 20% above 1942, Houston up 30%, San Antonio up 10%, Fort Worth up 15%. Crops generally good; poor in western part. Farm income up about 39% over 1942. Industrial employment in Abilene up about 45%, Beaumont 42%, El Paso 5%, Waco 8%, Shreveport down. Collections generally better than 1942. July—Dallas department store sales in the five-day trading week 42% above 1942. Crude oil output 34% above 1942. New war plants operating in area.

BAROMETERS FOR TWENTY-NINE REGIONS

25. Denver Region

MAY, 142.2 APR., 154.1 MAY 1942, 122.0
UNADJUSTED: MAY, 140.6; APRIL, 155.8

Barometer monthly decline compares favorably with country; yearly gain fractionally above country-wide average. JUNE—Denver wholesale trade 9% above 1942. Wheat yields better than expected, short of last year. Bean crop suffering from insects. Vegetable shipments from Canon City area increased over 1942. Big increases in Colorado industrial employment continue, about 25% above last year. Collections better than 1942. JULY—Denver department store sales in the five-day trading week 5% below a year ago. Colorado ranges in good condition; livestock production adversely affected by feed shortages.

26. Salt Lake City Region

MAY, 161.7 APR., 172.5 MAY 1942, 127.4
UNADJUSTED: MAY, 166.3; APRIL, 171.8

Barometer registered slight decrease from last month; yearly gain substantially above country. JUNE—Salt Lake City wholesale trade 10% below 1942. Sour cherry crop larger than last year. Peach crop prospects largest since 1928. Utah farm income in April 40% above last year, Nevada up 58%, Idaho up 11%. Industrial employment in Salt Lake City about 29% above 1942. Collections better than last year. JULY—Salt Lake City department store sales in the five-day trading week 29% above 1942. Magnesium output in Las Vegas plant at capacity. War plant expansions help to enlarge income gains.

27. Portland and Seattle Region

MAY, 166.6 APR., 186.3 MAY 1942, 130.7
UNADJUSTED: MAY, 169.7; APRIL, 189.7

Barometer monthly decline slightly above country drop; yearly gain continues to compare favorably with country. JUNE—Seattle wholesale trade 15% above 1942, Portland up 50%. Indicated production of most fruit crops smaller than last year, sour cherry crop about even. Portland strawberry crop about 50% below normal. Industrial employment in Portland about 85% above 1942, Tacoma up 55%, Spokane off 10%. Collections better than last year. JULY—Seattle department store sales in the five-day trading week even with last year, Portland off 4%. Shipbuilding continues to boost Seattle and Portland employment.

28. San Francisco Region

MAY, 143.5 APR., 159.1 MAY 1942, 112.1
UNADJUSTED: MAY, 139.6; APRIL, 156.7

Despite decline monthly barometer continues above country; yearly increase well above country average. JUNE—San Francisco wholesale trade 10% above 1942. Flaxseed crop largest in State's history. Fruit and nut crops larger than 1942, except for peach and apricot. Most field crops very profitable. Industrial employment and payrolls well above average, about 60 and 95% respectively. Collections generally better than a year ago. JULY—San Francisco department store sales in the five-day trading week 17% above 1942, Oakland up 13%. Cannery activity at capacity for Summer run of deciduous fruits.

29, Los Angeles Region

MAY, 135.6 APR., 152.5 MAY 1942, 103.2
UNADJUSTED: MAY, 135.5; APRIL, 151.7

Barometer monthly decline fractionally below country average; yearly gain one of largest in country. JUNE—Los Angeles wholesale trade 15% above a year ago. Arizona farm income in April 80% above 1942. Drought conditions badly affecting range feeds and pastures. Cantaloupe shipments heavy. Industrial employment and payrolls climbing steadily; Los Angeles employment about 45% above last year, payrolls up 65%. Collections better than 1942. JULY—Los Angeles department store sales in the five-day trading week 2% below 1942. New aluminum plant in Phoenix increasing production.

How trade activity in June compared with that of a year ago is indicated generally by the figures below. The figures for percentage changes shown below are for: retail trade (left, in italic) and check transactions (right).

21. FLORIDA

Jacksonville	*+37*	+37
Miami	*+45*	+73
Pensacola		+24
Tampa	*+50*	+21

22. MEMPHIS

El Dorado		+34
Fort Smith		+11
Greenville		+18
Helena		+23
Little Rock	*+25*	+ 1
Memphis	*+20*	+20
Pine Bluff		−32
Texarkana		−45

23. NEW ORLEANS

Hattiesburg		+17
Jackson	*+15*	+76
Meridian		−12
New Orleans	*+22*	+21
Vicksburg		+93

24. TEXAS

Abilene		+17
Amarillo	*+25*	+22
Austin	*+28*	+261
Beaumont	*+30*	+46
Corsicana		+53
Dallas	*+35*	+20
El Paso	*+20*	+32
Fort Worth	*+25*	+50
Galveston	*+ 8*	+21
Houston	*+30*	+33
Lubbock	*+28*	+20
Port Arthur		+19
Roswell		− 7
San Antonio	*+20*	+29
Shreveport	*+10*	+14
Texarkana		− 1
Tucson		+19
Tyler		+40
Waco	*+30*	+14
Wichita Falls	*+20*	+30

25. DENVER

Albuquerque	*+ 2*	+20
Casper		+13
Cheyenne		+50
Colorado Springs		−33
Denver	*+15*	+21
Grand Junction		+30
Pueblo		0

26. SALT LAKE CITY

Boise		+39
Ogden		+51
Salt Lake City	*+25*	+23

27. PORTLAND AND SEATTLE

Bellingham		+29
Eugene		+26
Everett		+29
Portland	*+30*	+44
Salem		+16
Seattle	*+22*	+23
Spokane	*+40*	+17
Tacoma	*+15*	+36
Walla Walla		+ 5
Yakima		+33

28. SAN FRANCISCO

Bakersfield		+24
Berkeley		+26
Fresno	*+25*	+25
Oakland		+48
Reno		+27
Sacramento	*+19*	+11
San Francisco	*+20*	+32
San Jose		+59
Stockton		+29

29. LOS ANGELES

Long Beach		+41
Los Angeles	*+36*	+36
Pasadena		+33
Phoenix	*+12*	+49
Riverside		+80
San Bernardino		+29
San Diego	*+15*	+11
Santa Barbara		+31

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "Dun's Statistical Review." Back figures available upon request.

Wholesale Food Price Index

The Index is the sum of the wholesale price per pound of 31 commodities in general use.

1943		1942	
Aug. 3	$4.04	Aug. 4	$3.74
July 27	4.03	July 28	3.72
July 20	4.03	July 21	3.71
July 13	4.06	July 14	3.69
July 6	4.05	July 7	3.68
June 29	4.05	June 30	3.68
June 22	4.04	June 23	3.66
June 15	4.04	June 16	3.67
June 8	4.05	June 9	3.66
June 1	4.11	June 2	3.66
May 25	4.11	May 26	3.68
May 18	4.12	May 19	3.69
May 11	4.10	May 12	3.68
May 4	4.11	May 5	3.68
Apr. 27	4.11	Apr. 28	3.68
Apr. 20	4.09	Apr. 21	3.66
Apr. 13	4.10	Apr. 14	3.65
Apr. 6	4.10	Apr. 7	3.63
Mar. 30	4.10	Mar. 31	3.60
Mar. 23	4.11	Mar. 24	3.57
Mar. 16	4.09	Mar. 17	3.57
Mar. 9	4.09	Mar. 10	3.59
Mar. 2	4.07	Mar. 3	3.57
Feb. 23	4.06	Feb. 24	3.56
Feb. 16	4.06	Feb. 17	3.55
Feb. 9	4.05	Feb. 10	3.53
Feb. 2	4.04	Feb. 3	3.51
Jan. 26	4.03	Jan. 27	3.51
Jan. 19	4.03	Jan. 20	3.47
Jan. 12	4.03	Jan. 13	3.47
Jan. 5	4.04	Jan. 6	3.45

	HIGH		LOW	
1943	May 18	$4.12	Jan. 12	$4.03
1942	Dec. 22	4.02	Jan. 6	3.45
1941	Dec. 30	3.43	Jan. 7	2.50
1940	Dec. 10	2.49	June 18	2.18
1939	Sept. 19	2.46	Aug. 15	2.13
1937	Mar. 16	3.01	Dec. 28	2.56
1933	July 18	2.08	Jan. 31	1.49
1929	Feb. 28	3.52	Dec. 12	3.11
1919	July 31	5.30	Feb. 13	4.58

Building Permit Values—215 Cities

	June 1943	June 1942	% Change	May 1943	% Change
New England	$4,321,358	$5,135,283	−15.8	$2,258,959	+91.3
Middle Atlantic	5,042,936	8,322,320	−39.4	8,875,605	−43.2
South Atlantic	5,822,937	8,807,210	−33.9	4,091,689	+42.3
East Central	9,767,835	15,413,135	−36.6	11,901,446	−17.9
South Central	3,949,100	8,174,928	−51.7	5,616,544	−29.7
West Central	1,367,135	3,481,821	−60.7	2,492,252	−45.1
Mountain	1,072,214	903,054	+18.7	1,281,417	−16.3
Pacific	8,444,217	8,706,858	− 3.0	12,379,172	−31.8
Total U. S.	$39,787,712	$58,944,609	−32.5	$48,897,084	−18.6
New York City	$952,176	$4,519,668	−78.9	$2,602,172	−63.4
Outside N. Y. C.	$38,835,556	$54,424,941	−28.6	$46,294,912	−16.1

Bank Clearings for Individual Cities

(Thousands of Dollars)

	June 1943	June 1942	% Change	May 1943	% Change
Boston	1,409,505	1,311,266	+ 7.5	1,451,844	− 2.9
Philadelphia	2,668,000	2,399,000	+11.2	2,758,000	− 3.3
Buffalo	271,007	237,315	+14.2	237,209	+14.2
Pittsburgh	1,134,944	969,224	+17.1	999,539	+13.5
Cleveland	931,238	816,346	+14.1	864,030	+ 7.8
Cincinnati	464,551	402,857	+15.3	434,953	+ 6.8
Baltimore	651,590	533,092	+22.2	601,627	+ 8.3
Richmond	293,468	260,026	+12.9	265,667	+10.5
Atlanta	526,400	408,600	+28.8	523,600	+ 0.5
New Orleans	349,717	277,929	+25.8	338,447	+ 3.3
Chicago	1,984,622	1,768,945	+12.2	1,923,858	+ 3.2
Detroit	1,367,433	1,085,623	+26.0	1,383,938	− 1.2
St. Louis	743,650	608,802	+22.1	710,859	+ 4.6
Louisville	276,626	242,864	+13.9	279,290	− 1.0
Minneapolis	559,807	430,397	+30.1	517,436	+ 8.2
Kansas City	809,951	632,008	+28.2	765,777	+ 5.8
Omaha	301,243	217,253	+38.7	299,078	+ 0.7
Denver	223,662	177,680	+25.9	209,548	+ 6.7
Dallas	452,083	334,248	+35.3	421,753	+ 7.2
Houston	395,820	304,482	+30.0	371,080	+ 6.7
San Francisco	1,080,093	907,840	+19.0	1,027,356	+ 5.1
Portland, Ore.	324,350	280,950	+15.4	324,926	− 0.2
Seattle	399,330	325,638	+22.6	377,035	+ 5.9
Total 23 Cities	17,619,090	14,932,385	+18.0	17,086,850	+ 3.1
New York	21,026,622	16,464,655	+27.7	22,893,888	− 8.2
Total 24 Cities	38,645,712	31,397,040	+23.1	39,980,738	− 3.3
Daily Average	1,486,374	1,207,578	+23.1	1,599,230	− 7.1

Daily Wholesale Price Index

(1930-1932 = 100)

The Index is prepared from the spot closing prices of 30 basic commodities.

	1943 July	June	May	Apr.
1	170.97	171.81	171.65	172.32
2	170.69	171.81	†	172.40
3	170.47	171.96	171.54	172.37
4	†	172.06	171.69	†
5	•	171.92	171.85	172.25
6	170.86	†	171.77	171.89
7	171.16	170.48	171.45	172.00
8	170.86	170.45	171.40	171.82
9	170.71	170.40	†	171.24
10	170.04	170.77	171.25	171.34
11	†	170.91	171.03	†
12	170.37	170.91	171.15	171.03
13	171.03	†	170.86	170.96
14	171.03	170.42	170.84	171.41
15	170.40	170.25	170.70	171.00
16	170.21	170.25	†	171.11
17	170.21	170.08	171.27	171.14
18	†	170.28	171.23	†
19	169.94	170.10	171.22	171.41
20	169.90	†	171.47	171.93
21	170.10	170.10	171.36	171.54
22	170.55	169.82	171.58	171.84
23	170.43	169.72	†	•
24	170.35	170.09	171.62	171.78
25	†	170.41	171.83	†
26	170.13	170.61	171.90	171.66
27	170.15	†	171.71	171.60
28	170.55	170.38	171.74	171.79
29	170.53	170.09	171.95	171.76
30	170.79	170.41	†	171.64
31	170.64		•	

† Sunday. • Market closed.

	HIGH		LOW	
1943	172.40	Apr. 2	166.61	Jan. 2
1942	166.02	Dec. 30	151.54	Jan. 2
1941	150.54	Dec. 12	123.03	Feb. 17
1940	124.84	Dec. 31	112.42	Aug. 19

ADJUSTED FAILURE INDEX RISES

THE June record of business failures contained a hint that the tide of failures may be turning, or is at least becoming unsettled. Although sound conclusions cannot be drawn from a single month, these factors were significant: First, a slight upturn in the adjusted insolvency index. Second, increasing numbers of failures of concerns which were well-established as to both age and size. Third, a halt in the decline of retail trade failures, and, fourth, a rise in failures over most of the country.

The June rise in the insolvency index was the first which has occurred since last October. Although the actual number of failures continued to fall, and the unadjusted index dropped from 16.1 to 15.9, the drop was less than usual for the month, and the adjusted index rose 4.5 per cent. The earlier rise was of only a month's duration, and it is of course very possible that this rise may be equally short-lived.

As long as the business birth rate continues low, any sustained failure increase must come from among concerns other than the very young. In June failures of concerns which started in business before 1940 were as numerous as in May, breaking the previous month-to-month decline in the number of failures of older concerns. By size, medium-sized failures jumped from 13 in May to 23 in June, and large failures rose from 3 to 13. Small failures continued to drop.

It is to retail trade particularly that one looks for a change in failure trends. In June retail trade failures were off only slightly from May after falling consistently for many months, and in commercial service lines, which are allied in many ways to retail trade, failures rose sharply. Manufacturing failures and wholesale trade failures were off, as usual; construction failures showed little change from May.

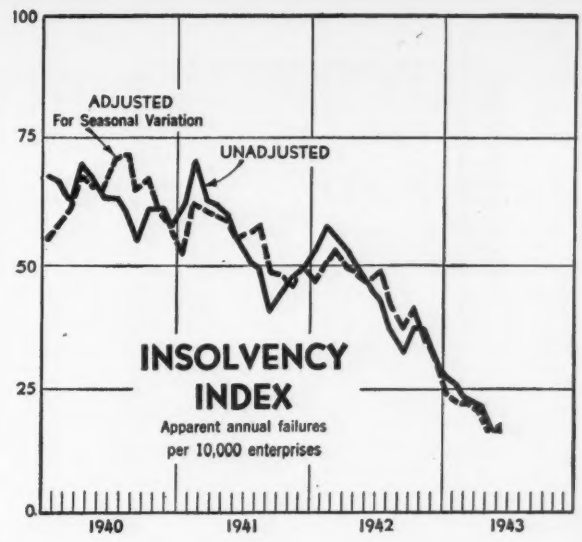
A sharp increase in liabilities was due to the failure of a large chain of restaurants. This was an involuntary petition which upon investigation by the courts may be dismissed.

Manufacturing: The decline in manufacturing failures as a whole continued unabated in June, although there were increases in two lines, foods and lumber products. In the first six months of the year manufacturing failures were less than half as numerous as in the like period of 1942. The sharpest declines were in foods, textiles, clothing, leather goods, and iron and steel products, with less of a drop among printing establishments, stone, clay and glass products, and machinery. The June record contained five large failures: a ship builder, a fruit canner, a manufacturer of electric devices, a manufacturer of wooden products, and a lumber mill.

Retail Trade: The May to June drop in retail trade failures amounted to only 6 per cent compared with a 20 per cent drop between April and May. On an adjusted daily basis this change really represented a slight rise, a rare occurrence in retail trade in the Summer time. The lines responsible for this movement were building materials, hardware, apparel shops, garages, and filling stations, in all of which there was a substantial rise, although of course numbers of failures were still small compared with a year ago.

Retail trade failures were 65 per cent lower in the first six months of this year than in the same period of 1942. Failures are so affected by the number of openings, that one cannot say that a less than average drop in failures, as in the case of restaurants, hardware stores, drug stores, and food stores, in the order named, is due to unusually unfavorable conditions in those lines. In the essential food and drug lines it may well be that failures have held up because the number of concerns is nearer normal. Among hardware stores, where openings are presumably low, failures may be relatively more numerous than in the other lines. In general merchandise, apparel, furniture, and automotive lines, where failures are between 70 and 75 per cent lower than a year ago, the drop is undoubtedly due to fewer concerns in business.

Other Groups: The well-publicized situation confronting laundries was reflected in a rise in laundry failures from 4 in May to 11 in June, and numbers so far this year exceeded those in the first six months of last year. Failures among cleaning and dyeing establishments approximated those of last year. A June rise in trucking failures helped to increase total service failures in the first six months of this year to a point only 45 per cent under the like period of last year. Construction failures for January to June 1943 were only 36 per cent under those from January to June a year ago.



	June 1943	May 1943	June 1942	Per Cent Change
DUN'S INSOLVENCY INDEX*				
Unadjusted	15.9	16.1	45.3	−65
Adjusted, seasonally	16.2	15.5	46.2	−65
NUMBER OF FAILURES	265	281	804	−67
NUMBER BY SIZE OF DEBT				
Under $5,000	122	146	436	−72
$5,000–$25,000	107	119	286	−63
$25,000–$100,000	23	13	65	−65
$100,000 and over	13	3	17	−24
		(Liabilities in thousands)		
CURRENT LIABILITIES	$6,076	$2,550	$9,906	−39
TOTAL LIABILITIES	$15,321	$2,625	$12,189	+26

* Apparent annual failures per 10,000 enterprises.
More detailed figures appear in DUN'S STATISTICAL REVIEW.

FAILURES BY DIVISIONS OF INDUSTRY

(Current liabilities in thousands of dollars)	Number Jan.-June 1943	Number Jan.-June 1942	Liabilities Jan.-June 1943	Liabilities Jan.-June 1942
ALL INDUSTRY GROUPS	2,198	5,623	29,109	60,585
MINING, MANUFACTURING	373	903	11,107	19,018
Mining—Coal, Oil, Miscellaneous	13	27	465	1,169
Food and Kindred Products	51	189	1,511	5,140
Textile Mill Products, Apparel	63	176	744	2,480
Lumber, Lumber Products	48	102	1,199	2,360
Paper, Printing, Publishing	62	108	1,233	2,171
Chemicals and Allied Products	19	35	241	618
Leather, Leather Products	7	33	240	607
Stone, Clay, Glass Products	16	20	285	422
Iron and Steel, and Products	13	29	429	713
Machinery	29	39	3,550	729
Transportation Equipment	8	18	522	477
Miscellaneous	44	127	688	2,132
WHOLESALE TRADE	162	438	1,734	6,899
Food and Farm Products	60	174	565	2,729
Apparel	8	15	57	144
Dry Goods	4	13	40	105
Lumber, Bldg. Mats., Hardware	18	51	344	1,350
Chemicals and Drugs	4	20	22	491
Motor Vehicles, Equipment	4	26	43	220
Miscellaneous	64	139	663	1,860
RETAIL TRADE	1,252	3,600	9,243	24,659
Food and Liquor	360	1,121	1,579	5,160
General Merchandise	47	163	257	1,398
Apparel and Accessories	115	403	808	3,200
Furniture, Home Furnishings	57	226	456	1,760
Lumber, Bldg. Mats., Hardware	69	181	546	1,571
Automotive Group	80	307	686	2,305
Eating and Drinking Places	326	604	3,409	5,301
Drug Stores	86	260	557	1,894
Miscellaneous	112	335	945	2,070
CONSTRUCTION	254	394	3,421	5,820
General Building Contractors	98	120	2,023	3,249
Building Sub-contractors	151	263	1,235	2,304
Other Contractors	5	11	163	267
COMMERCIAL SERVICE	157	288	3,604	4,189
Highway Transportation	32	89	824	1,905
Miscellaneous Public Services	7	9	1,160	349
Hotels	8	18	192	380
Cleaning, Dyeing, Repairing	21	25	135	185
Laundries	39	36	1,012	529
Other Pers. Services, Undertakers	24	41	161	279
Business and Repair Services	26	70	120	562

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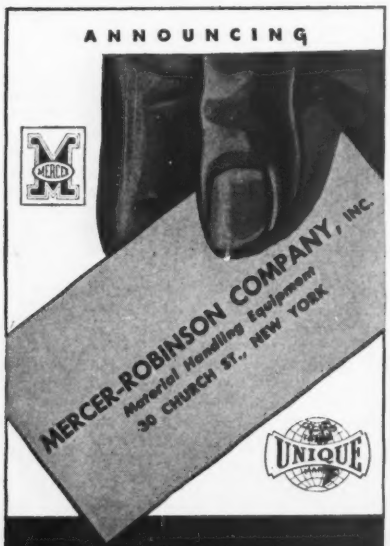

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HERE *and* THERE *in* BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

New Man—A morale factor not to be overlooked is humorously suggested in a cartoon in *The Amsco Bulletin,* organ of American Manganese Steel Division of The American Brake Shoe and Foundry Company. The caption reads: "The new girls in the welding department sure stepped up morale. First time in seventeen years Steve's come to work with clean overalls an' his hair combed!"

Spiractor—A device of The Permutit Company, New York City, brings low-cost soft water to small communities, without sludge, in minutes instead of hours. Called Spiractor because it takes mineral-laden hard water and spirals it through an inverted steel cone, it was designed to solve the old problem of disposing of sludge formed during the softening process.

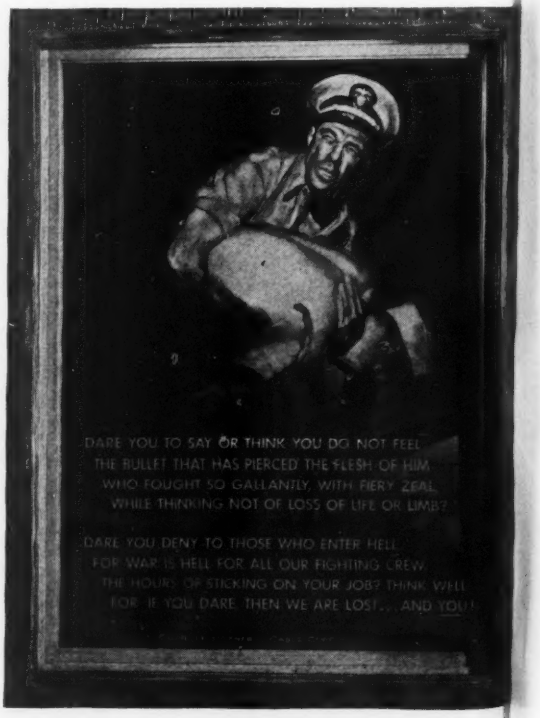
The principal bothersome minerals in hard water are calcium and magnesium and when these are precipitated out by lime treatment they form a messy sludge which is often dumped into a nearby stream or on adjacent ground, making it unpleasant for other use. By avoiding the formation of sludge the Spiractor entirely eliminates the disposal problem. It takes five to ten minutes to soften water as compared with several hours by older methods.

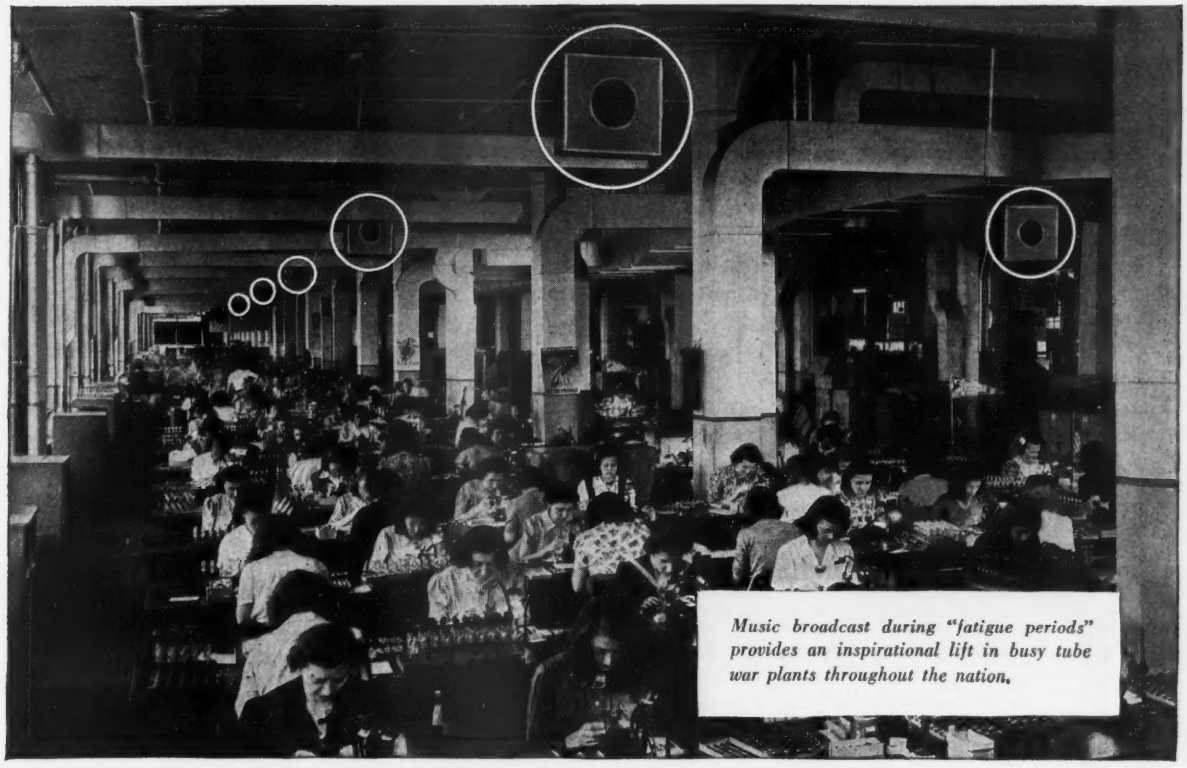
Nylon Magic—From nylon stockings back to chemicals is a project going on in the Nylon Research Laboratory. First the stockings are boiled in a strong hydrolyzing agent. The material is cooled and a precipitate forms. This contains the adipic acid, and the filtrate, the diamine. These components are then purified. The precipitate is redissolved and re-crystallized by adding lime to precipitate calcium sulfate. The liquor is distilled to leave the diamine.

War Posters—Contributing to greater war production in plants throughout the country are thousands of posters. At the right is the sixth of a series issued by General Cable Corporation. It was designed by C. C. Beall, free lance artist. The verse brought the first-prize $100 war bond in a company-wide contest to William S. Porter, foreman of the Sanitation Department at the Perth Amboy, N. J., plant. The last two stanzas are reproduced on the poster. The author was born in Ireland 55 years ago the son of a sea captain who kept the log of his ship in poetry. Although verse had been his lifelong hobby this is the first time Mr. Porter has received any recognition.

Another of the company's posters, also designed by Mr. Beall, appears in "Posters for Production," a booklet recently issued by the National Association of Manufacturers, reproducing 70 of 75 chosen as best out of almost 1,000 posters contributed to a display at the Association's 1942 War Congress in New York.

First War—It's the way it's put, each word wearing a smile, some seeming almost to break into a grin. You are softly but surely being told you are getting less than you used to and paying more money for it. The "bottomless cup," "A Meal a Minute," and the


DARE YOU TO SAY OR THINK YOU DO NOT FEEL
THE BULLET THAT HAS PIERCED THE FLESH OF HIM
WHO FOUGHT SO GALLANTLY, WITH FIERY ZEAL
WHILE THINKING NOT OF LOSS OF LIFE OR LIMB?
DARE YOU DENY TO THOSE WHO ENTER HELL
FOR WAR IS HELL FOR ALL OUR FIGHTING CREW
THE HOURS OF STICKING ON YOUR JOB? THINK WELL
FOR IF YOU DARE THEN WE ARE LOST... AND YOU!



Music broadcast during "fatigue periods" provides an inspirational lift in busy tube war plants throughout the nation.

M-U-S-I-C spells "PLANT MORALE"

THAT'S the way they're spelling it today—in war factories equipped with RCA plant-broadcasting systems.

And these same systems are saving precious time by locating widely scattered personnel—in shipyards, arsenals, and other war plants—*in seconds instead of minutes.*

Plant broadcasting of properly selected music is proving of immeasurable aid in increasing productive efficiency. The mental and physical harmony produced by such broadcasts helps overcome fatigue, relieves the boredom of monotonous work, reduces war-heightened worry and fear—and thereby releases extra energy for vital war production.

Mass singing, too, conducted by an experienced leader, works wonders in building a sense of unity, comradeship, and teamplay. Lucy Monroe, RCA Director of Patriotic Music, who has conducted "industrial sings" at many plants, may be able to include your plant on her itinerary of "industrial sings." If you will write to the address below, we will notify you promptly if your city is on Miss Monroe's itinerary. And we will be glad to send you a special folder giving the details of the RCA Industrial Music Library Service—a service that will add harmony and productive efficiency to your war effort.

Write RCA, Dept. M21, Camden, using business letterhead. No obligation.

Lucy Monroe is devoting her entire time for the duration to "singing for victory"—at Army camps, Naval stations, and war production plants.

RCA

RADIO CORPORATION OF AMERICA

CAMDEN, N. J.

manicured sandwich are no more. They went away. They went away with those "clean-cut lads who used to put your sandwich together. . . ."

The explanations are not intended to satisfy anyone. "We want it to make you mad as the devil that some abnormal figure-head with a low-comedy mustache in a foreign country can keep you from having *all* the coffee you want. . . . Get mad . . . and *stay* that way."

The booklet of B/G Foods, Inc., Chicago, is right on the ball to the very end: "And if you know anybody that's looking for a job . . . send him/her in!" It is called "This is Our First War."

Fence Posts—The trough method, a soaking process with chromated zinc chloride, can now protect the half billion fence posts American farmers must replace annually on account of termites and decay. The old procedure used by most farmers included old inner tubes as part of the equipment.

Pay Deductions—Originating both the idea and the copy for a 31-page booklet "Your Hidden Treasure," Nash-Kelvinator Corporation, Detroit, seeks to give its employees a more realistic understanding of precisely what the various wage deductions mean. By a series of simple steps the book takes the worker through many facts that make up the story behind the four major payroll-deduction items—war bonds, taxes, social security, and charges for hospitalization and group insurance.

The booklet provides tables which the worker fills in for a detailed running account of all deductions. The employee's name, social security number, and his 1943 payroll record for the period from the beginning of the year to the date he gets the copy of the book are entered in advance by the company. He is urged to enter the correct amounts from then on.

Other tables are included to help him keep accurate records of his personal possessions—war bonds, home payments, and insurance records.

Initial reception to the booklet has been good. The company has received numerous comments and suggestions from employees which the company will incorporate into the 1944 edition. If the reaction continues to be as favorable, the company will continue the practice.

CHEMICAL BANK & TRUST COMPANY

Founded 1824

165 Broadway, New York

CONDENSED STATEMENT OF CONDITION

At the close of business, June 30, 1943

ASSETS

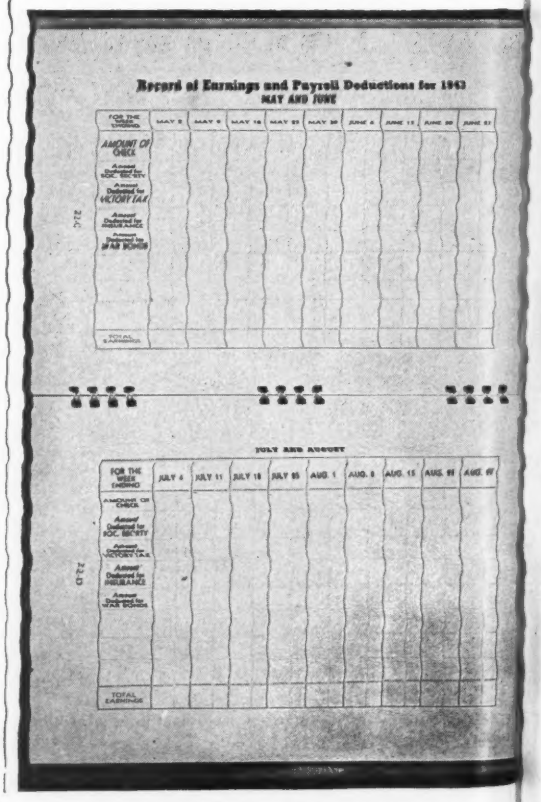
Cash and Due from Banks		$244,628,665.52
U. S. Government Obligations, Direct and Fully Guaranteed		610,219,501.38
Bankers' Acceptances and Call Loans		48,294,226.55
State and Municipal Bonds		72,096,703.02
Other Bonds and Investments		88,983,564.78
Loans and Discounts		125,642,126.17
Banking Houses		449,793.50
Other Real Estate		4,026,478.18
Mortgages		1,145,589.92
Credits Granted on Acceptances		4,275,547.78
Other Assets		3,775,976.58
		$1,203,538,173.38

LIABILITIES

Capital Stock	$20,000,000.00	
Surplus	55,000,000.00	
Undivided Profits	6,288,536.59	$81,288,536.59
Dividend Payable July 1, 1943		900,000.00
Reserves, Taxes, Interest, etc.		7,256,685.67
Acceptances Outstanding	$5,833,054.40	
(less own acceptances held in portfolio)	833,574.30	4,999,480.10
Other Liabilities		276,167.47
Deposits (including Official and Certified Checks Outstanding $14,571,219.96)		1,108,817,303.55
		$1,203,538,173.38

U. S. Government Obligations and other securities carried at $180,250,680.76 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

Charter Member New York Clearing House Association
Member Federal Reserve System
Member Federal Deposit Insurance Corporation



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For everyone concerned with payrolls and payroll handling under the "pay-as-you-go" provisions of the new Current Tax Payment Act, the ins-and-outs of the new law are made readily available in a popular low-priced CCH "Pay-As-You-Go Tax Service." It is especially designed to give those interested only in the "mechanics" of the new law the practical, *procedural facts and data they want; to lighten the burden of "the tax* man" and the tax department by aiding the "payroll man" and the payroll *department to function soundly and effectively, "on their own."*

This Service is not for the federal tax specialist, the man concerned primarily with the technical tax aspects of the new law. (The famous *CCH Standard Federal Tax and Federal Tax Guide Services continue as the accepted reporters on federal taxation and as such fully cover the* Current Tax Payment Act.) Instead here is a Service specifically for *those whose one and only interest is almost solely in the "bookkeeping"* or "payroll" angles of the new law.

For example, features of the *CCH PAY-AS-YOU-GO TAX SERVICE include:*

—understandable plain English explanations of the basic "pay-as-you-go" law and *regulations and their application in the payroll department*

—*quick-reading charts and tables that say "Here it is!" to "pay-as-you-go" tax* questions in payroll work

—essential, important forms, as released by the administrative authorities

—specific facts and information concerning the correct practice and procedure in *the use of estimated and final returns under the pay-as-you-go tax law*

—*essential full texts of pertinent law provisions and official regulations*

—a handy 6 x 9 book of some 80 pages containing the full text of the law, together with cleancut comments and explanations, is included as an "extra" without additional charge.

With Supplemental Loose Leaf Reports of New Developments

Write for details

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PUBLISHERS OF LOOSE LEAF LAW REPORTING SERVICES

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MUNSEY BLDG.

Warrior's Guide—A 16-page booklet packed with facts every man leaving to join the armed forces should know is distributed to the selectee by General Electric. What he has coming at the company in military duty allowance and vacation money; what he may do about his group life insurance and group benefit plans; facts about re-employment and what he should do about it upon his return, and what he may do about his War Savings and General Electric bonds are some points taken up first.

Following are two and one-half pages summarizing his rights under the Soldiers' and Sailors' Civil Relief Act. Installment purchases, mortgages, rent, taxes and assessments, and life insurance are here taken up. Another part considers points affecting him after he arrives at camp. Opportunities for advancement, National Service Life Insurance, Dependents' Allowance (with table of typical combinations and amounts), and veterans' and dependents' pensions are covered here. The booklet is called "To Our Men Entering the Armed Forces."

Cyclewelding—This process which Chrysler Corporation offers to all manufacturers of war equipment free for the duration puts together aluminum alloy, wooden, or rubber aircraft parts without riveting or welding is expected to open the way for stronger and cheaper aircraft. It is achieved by putting a specially prepared cement on the surfaces to be connected and then applying heat and pressure to the joints.

This cement can be brushed on or made in the form of tape laid on. The process can be used to unite metal to metal, metal to wood, metal to rubber, and metal to plastic in almost any desired combination. The composition of the cement is a war secret, as are specific details of the process.

In tests the ultimate sheer strength of the Cyclewelded joints was almost twice that of the riveted joints; impact strength was many times greater, and creep strength 50 per cent greater. Pieces thus welded are more rigid than those riveted or spot welded, are stronger, and show less deflection under load. Practically no Cyclewelded joint has ever been broken by vibration; on all tests the metal itself, away from the joint, has broken before the joint separated. The process can be used wherever pressure can be applied.

Timber Toppers—Wood-soled shoes for women will be available for early Fall.

Two problems had hindered this development: the difficulty of achieving flexibility comparable to leather, and the difficulty of successfully bonding wood to leather.

Instead of cutting with the grain, E. P. Reed & Co., Rochester, N. Y., took a cue from the old wood-block pavings

BANKERS TRUST COMPANY

NEW YORK

CONDENSED STATEMENT OF CONDITION,
JUNE 30, 1943

ASSETS

Cash and Due from Banks		$ 289,234,207.81
U. S. Government Securities		789,385,549.65
Loans and Bills Discounted		308,417,549.41
State and Municipal Securities		21,099,340.20
Other Securities and Investments		46,663,674.02
Real Estate Mortgages		1,538,731.86
Banking Premises		14,006,481.22
Accrued Interest and Accounts Receivable		4,890,026.83
Customers' Liability on Acceptances		646,856.06
		$1,475,882,417.06

LIABILITIES

Capital	$25,000,000.00	
Surplus	75,000,000.00	
Undivided Profits	22,515,492.38	$ 122,515,492.38
Dividend Payable July 1, 1943		875,000.00
Deposits		1,347,633,891.94
Accrued Taxes, Interest, etc.		3,426,854.33
Acceptances Outstanding	780,756.35	
Less Amount in Portfolio	94,312.86	686,443.49
Other Liabilities		744,734.92
		$1,475,882,417.06

Securities in the above statement are carried in accordance with the method described in the annual report to stockholders, dated January 14, 1943. Assets carried at $189,896,555.26 have been deposited to secure deposits, including $169,548,617.98 of United States Government deposits, and for other purposes.

Member of the Federal Deposit Insurance Corporation

and cut soles from the cross-grain from such hard woods as cherry and maple. Taking advantage of the natural cell-structure of the wood the company treated the sole cuts with a waterproofing solution and bonded them to leather with a plastic agent under tremendous pressure. The next step was to dice the wood sole in quarter-inch squares for complete flexibility, and to add a quarter-inch strip of leather around the edges to act as a sound deadener and to provide a surface through which the sole can be stitched to the upper.

Read on the Run—Southern California's sardine catch of 202,000 tons during the 1942-1943 season represented an increase of 40 per cent over that of the preceding year, WPB reports. . . . The Institute of Life Insurance says American families received $6,582,000 a day in life insurance payments in 1942. . . . Today General Motors is the nation's biggest producer, in one recent month having turned out 118,000 guns ranging in size from carbine to cannon.

PEORIA

(Continued from page 15)

of a special division for small industries their problems will simply be given more attention in the Action Division for Manufacturing. Lesson Six is the demonstrated need for a new organizational form (chart on page 15) to better facilitate the work. These five divisions are now suggested for these reasons:

1. *Action Division for Manufacturing,* because (a) the factory payroll is the basic economic factor in industrial communities, and (b) manufacturing companies who are affected by the impact of war need the kind of information C. E. D. is in a position to supply to them.

2. *Distribution, Construction, and Service Division,* because these businesses base their activities on the factory payroll and will want to be represented at the start on a program which deals with the foundation of community prosperity.

3. *Community Research Division,* because local knowledge and facilities

Enlarged reproduction free on request

Wire Cloth Wallop

One reason U. S. A. pilots can get speed that puts them on top to deal knockout blows is America's fast-growing production of 100+ octane gasoline.

An ingenious development for the close fractionation of this higher octane gasoline is Stedman packing. Close fractionation is now also practical for large scale production of synthetic rubber, toluene and a wide variety of other products . . . some of them hitherto impossible to distil commercially.

Heart of each Stedman column is thousands of pieces of strong Wickwire Spencer wire cloth . . . just one of the almost endless variety of wire materials for which this 122-year old company has won world reputation. When *your* war production calls for wire or wire products, put *your* needs up to experts.

• • •

War Bonds are an investment that reflects your confidence in Victory and America's future.

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An invitation TO DISCUSS . . . . . POST-WAR PLANNING

Most post-war planning programs have one problem in common,—the need of specific *point of sale* information as a basis of action.

DUN & BRADSTREET, throughout all of the difficult months before and since Pearl Harbor has maintained the vigil on business *comprehensively* by State and community, and *specifically* by individual retailer, wholesaler and manufacturer. Our reporters, covering 50,000 communities feel the pulse of business, and are in a position to observe the local effects of the war economy as well as the immediate aspects of the transition period, with its problems of conversion and adjustment.

Regardless of whether you sell regionally, or nationally; direct to dealer or through wholesalers, we can provide you with the solid foundation on which to erect an effective sales building program.

Our information is factual and represents current reports on 2,000,000 commercial names. These reports, subject to continuous revision, contain such needed data as the history of a business, the experience of proprietors, lines handled, sales volume, trend of business, and how much you could expect to sell them.

We may not be able to answer all of your questions, but if you have a post-war problem we believe we can be of help. Our Research and Statistical and Marketing staff is ready to give you the benefit of a long experience in dealing with business problems. . . . *Write to*

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will be required to analyze and to seek solutions for local business problems.

4. *Liaison Division,* because neither local nor national C. E. D. seeks to cover all phases of post-war planning, but will make available its basic statistics and findings to those other organizations in the community who are working on post-war problems of the community other than jobs in business.

5. *Public Relations Division,* to inform the public through press, radio, and speakers about the work and progress of the local C. E. D.

In the first Peoria survey activity with wholesale, retail, and service establishments was necessarily limited. However, a check of the employers of 2,500 employees indicated they felt that if employment is maintained in factories it will be maintained at the trading and service levels. The Distribution, Construction, and Service Division is designed to better co-ordinate planning between commerce and industry. Leadership for this division will be provided by business owners or managers.

It is believed that before these men can make realistic plans for their post-war operations they must have reasonably usable figures covering the over-all demand to be expected for goods and services in the community based on products for factory payrolls and general purchasing power. The Community Research Division will provide an estimate of distribution and service activity based on the check sheet figures from manufacturers.

From time to time the Field Development Division plans to prepare material of special interest to members of this division which would enable them to consider in a more practical way the phases of their post-war preparations concerning expansion of facilities, new buildings, or new store fronts, displays for products, training of sales personnel, and obtaining post-war products.

Another survey will be made in Peoria toward the end of the year or in January. Whether it will be done in the same way as before is not decided. Perhaps the Peoria Committee will only sponsor it and some other organization, such as the Advertising and Selling Club, will conduct it.

The results obtained here will reflect specific thinking each company's committee has been doing for about one year and will constitute a better guess

on post-war employment in Peoria in direct ratio to the average vision, imagination, and attention to detail of all co-operating industrial committees. Judged by the well conceived and ably directed efforts of the Peoria Committee in developing a psychology of necessity for the most determined thinking about post-war employment the figures from this coming survey should be more than indicative.

A different check sheet will be used for this survey. Questions shown on the example on page 14 are the only ones now recommended for use by community committees. They have been tested carefully in various cities throughout the country. They have been approved by the Board of Trustees of C. E. D. and executives of other business organizations. Additional questions which seem to fit any peculiar local needs should be added upon the advice of the C. E. D. Field Development Division headquarters, Room 3311, Department of Commerce Building, Washington, D. C.

The significant difference between this check sheet and the one previously used by the Peoria Committee is that "Total Gross Sales in Dollars" for 1940, for 1942, and a post-war calculation are not asked for. Total gross sales, national income, total gross product in goods and services, and rate of profit, and other such yardsticks of prosperity are the language of economists and bankers. When most people say "these are good times" they mean jobs are plentiful. "The more the problem is talked about in terms of employment," said Mr. Gardner, "the more it means to most people and the more confidence therefore they will have in what we are trying to do." This is Lesson Seven.

These are some of the most essential things learned from the energy of these Peoria business men to make all their associates as conscious as they of the necessity to plan hard now for the biggest job American business has ever been called upon to do—bigger even than the amazing enormity and speed with which it produced the goods for freedom. If their outstanding success so far is indicative of what business is doing nationwise to translate victory on foreign battlefields to the home front, there is hope in America for that better world so lyrically described in the prose of social philosophers.

"194-?" is the year the war will end.

It could still be a long way off. The gains we have made—the victories we've won—may truly be only "the end of the beginning."

But if the day of unconditional surrender could be known, it would be ringed on every business calendar. For *that* day may drastically change the direction of many industries.

The problems you will face then may be far different than those of today. You may want to introduce new lines, redesign products, acquire new equipment. You may want to increase your holdings—or dispose of them. But then, as now, financing must be the mainspring of all successful action, whether in production, distribution, reorganization or expansion.

We have organized a new Commercial Financing division which offers you a sound, well-rounded service—a service that will provide all the working funds you need for today's operations on a basis that will make every dollar productive of profit for you.

That service can be of incalculable help to you also in your planning for the post-war conversion period.

We will gladly supply detailed information on request.

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Your Bond Selling Responsibilities Double!

Starting September 9th, your Government will conduct the greatest drive for dollars from individuals in the history of the world—the 3rd War Loan.

This money, to finance the invasion phase of the war, must come in large part from individuals on payrolls.

Right here's where YOUR bond selling responsibilities DOUBLE!

For this extra money must be raised *in addition* to keeping the already established Pay Roll Allotment Plan steadily climbing. At the same time, every individual on Pay Roll Allotment must be urged to dig deep into his pocket to buy *extra* bonds, in order to play his full part in the 3rd War Loan.

Your now *doubled duties* call for these two steps:

1. If you are in charge of your Pay Roll Plan, check up on it at once—or see that whoever is in charge, does so. See that it is hitting on all cylinders—*and keep it climbing!* Sharply increased Pay Roll percentages are the best warranty of sufficient post war purchasing power to keep the nation's plants (*and yours*) busy.

2. In the 3rd War Loan, every individual on the Pay Roll Plan will be asked to put an *extra two weeks salary* into War Bonds—over and above his regular allotment. Appoint yourself as one of the salesmen—and see that this sales force has every opportunity to do a real selling job. The sale of these *extra* bonds cuts the inflationary gap and builds added post-war purchasing power.

Financing this war is a tremendous task—but 130,000,000 Americans are going to see it through 100%! This is their own best *individual* opportunity to share in winning the war. The more frequently and more intelligently this sales story is told, the better the average citizen can be made to understand the wisdom of turning every available loose dollar into the finest and safest investment in the world—United States War Bonds.

★ ★ ★

BACK THE ATTACK With War Bonds!

THE DILEMMA

(Continued from page 10)

By comparison with this vital issue of the proper "cut-off" point at which to stop the effort to push allocation down the vertical chain, other problems of CMP in operation are relatively minor. There are several, however, which are sufficiently important to deserve brief discussion. One serious difficulty which has caused concern is the length of time often required for the transmission of allotments from prime consumers to the mills. WPB allocations cannot be made earlier than two months preceding a given quarter; yet on most controlled material shapes orders are supposed to be placed from 30 to 45 days in advance of the beginning of the month of delivery. Apart from the formal regulations, many mill shapes, particularly in alloy steel, involve a processing time of many weeks. Yet evidence indicates that as much as two or three months' time is sometimes occupied by the transmission of allotments to the mills.

As advance allotments come to constitute a larger proportion of the whole and as more experience is gained in the mechanics of CMP accounting, this situation should be substantially improved. The problem has also recently been attacked frontally by establishment of a procedure for "anticipatory allotments" from the WPB to manufacturers of certain types of Class A components, which are in the nature of bank loans to be redeemed as the normal allotments flow down from customers. Clearly, this technique will require careful handling, lest errors in judgments as to the proper size of anticipatory allotments create a new unbalance in the general materials position.

Another operating problem is the inevitable occurrence of special bottlenecks in particular mill shapes with limited fabricating capacity—bottlenecks which invalidate some of the CMP currency. Although the allotment categories—two for steel, six for copper and brass, and eight for aluminum—reflect the major limitations on fabricating capacity, minor limitations will always appear within these broad limits. An attempt to ward off this problem by creating a large number of other allotment categories would enor-

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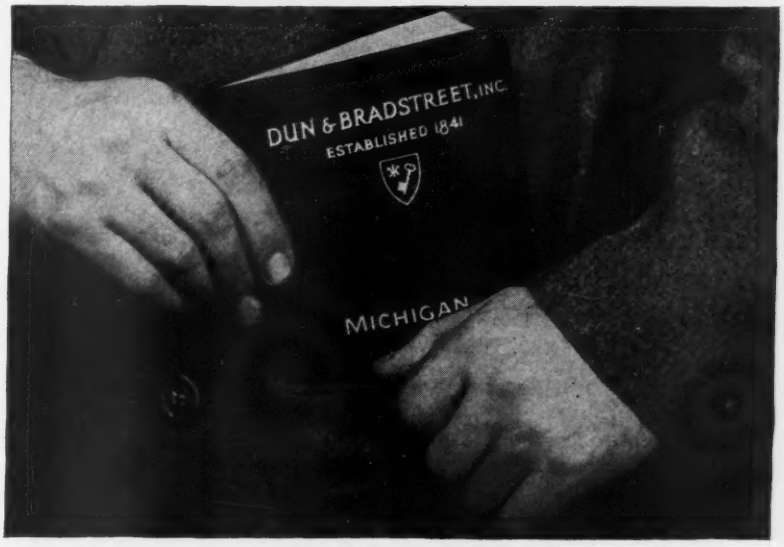

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The Dun & Bradstreet War Production Employee Report

All statements as to previous experience, family relations, occupational ability and loyalty are tested locally by experienced investigators who have access to vital neighborhood information in every industrial area of the country. As the majority of references are professional or commercial names, their authenticity and quality is readily verified from Dun & Bradstreet files.

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mously intensify the accounting burden.

The alternative is a modified form of mill scheduling control which can be readily grafted onto the main structure of CMP. By review at the mill level of orders for particularly tight shapes, opportunities can generally be found for the deferment of some orders without impairing consumers' production schedules. This is particularly likely where items have been scarce for some time and where consumers seek to use CMP allotments to build up inventories of these troublesome forms to the 60-day permitted maximum.

If this device fails, direct steps may be taken through the military services or by Limitation Order to alter specifications or to reduce production schedules for products known to consume the tight shapes in large quantities. Only as a last resort would the creation of additional allotment categories be seriously considered.

A further problem, not fully foreseen when CMP was drafted, is that of the proper relationship between materials supply and total allotments. For many reasons, the volume of allotments made by WPB does not fully reach the mills in the form of accepted orders.

This phenomenon of allotment "Attrition" arises partly from failure of the Claimant Agencies to allot to prime contractors up to the total made available to them, partly from a similar failure fully to reallot on the part of prime and subcontractors, partly from an inability to use allotments because of heavy inventories (which should be, but is not always, followed by a return of the unused allotments), and partly from willingness to defer orders for tight shapes to a later quarter if mill space is not easily found currently.

The plan in its original form made some provision to offset "attrition" by prescribing an over-allotment of supply by 5 per cent. There is reason to suppose that "attrition" in practice exceeds this percentage. Further evidence on this point will come to hand with the accumulation of data on orders accepted or rejected by the mills.

Whatever the precise facts may be, it is evident that close and effective control requires the reduction of "attrition" to the absolute minimum, through a continuous improvement both in requirements information and in the allotment process to the point at which

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The war and post-war significance of coverage is revealed by such newspaper headlines as "350 companies get 85% of war work."

This sample is typical of Dun's Review coverage. Out of more than 50,000 circulation, 26,310 are manufacturers. 14,032 of these are rated over $125,000. This represents more than 85% of the top rated manufacturers of the country. Most war contractors and subcontractors will be found in this group.

allotments match true requirements. Heavy "attrition" is a clear sign of serious weaknesses both in the upstream gathering of requirements data (through bills of materials or otherwise) and in the downstream making of allotments. It suggests considerable padding of estimates and carelessness in allotments—defects which must be remedied if CMP is to become a fully successful plan.

Other contemporary issues in the working of CMP can only be mentioned. They include the assurance of supplies of non-controlled materials and components in quantities matching the controlled materials (for which reliance is now largely placed on priorities); control and disposition of excessive inventories; the mechanics of allotment cancellation; establishment of adequate safeguards against the undue diversion of materials for maintenance, repair, and operating supplies; and the programming of production and distribution on civilian account in a manner effectively matching programming on military account.

Viewed as a whole, the Controlled Materials Plan is a gigantic experiment in economic control unparalleled by anything in our industrial history. Its adoption is justified by the unmatched scale of the current productive effort and the central contribution of materials control to the maximization of that effort. The search for further improvement must be focused about the attempt to devise ways and means of reducing the administrative burden of the control—both governmental and industrial.

DUN'S REVIEW

290 BROADWAY NEW YORK 7, N. Y.

SUBSCRIPTION: $4 a year; $10 for three years; 35 cents a copy. Outside the United States, $5 a year.

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CIVIL SERVICE

THAT experience in a particular industry is an absolute requirement for a Government employee who has to do with its regulation, is a new principle which has been expressed by Congress recently. But experience in an industry can mean almost anything. It is certainly no guarantee of intelligence or common sense or even a technical knowledge of the industry's products and processes. It will certainly tend to over emphasize the industry's interest as against the basic purpose of regulation—the public interest.

Obviously, those with practical knowledge must be in the picture, but must they be on top? Or should the problems of the cotton farmer be handled only by cotton farmers, wheat by wheat farmers, labor problems only by laborers, and old age pensions only by people five years older than the minimum pension age? Brains, common sense, and assistants who know the law and the facts, aré the requirements for wise administration.

Willard L. Thorp

EDITOR